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EDITED BY ALBERT SHAW

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THE PROGRESS OF THE WORLD

BY ALBERT SHAW

Are we justified, as 1936 opens, in holding optimistic views? Surely this country can go forward, in an age of science and research. Europe's war fever, we believe, will yield to treatment.

IS THERE SUCH A THING AS PROGRESS? Does human brotherhood as a principle of conduct gain in recognition? Must the laws of growth and decay that swept aside one ancient civilization after another deal not less ruthlessly with the complex life of this age of science and marvelous inventions? Our readers, we hope, would respond to the first two questions in the affirmative. The third has no present answer; but in the practical sense we can glorify these times by the right use of our resources to improve the common lot.

We are firm in our belief that industry should give abundance; that abundance should give leisure; that leisure should make further advances in science and engineering a certainty beyond most men's dreams; and that, with Poverty overcome as a social menace, we may also learn to overcome the kindred menace of War between nations. Science and research—active now as never before—are our best assurance for further human advancement.

In spite of diligence spent in recording the zigzag movements of a world that has incurred many calamities within the memory of those now living, we have not lost our faith in the modern conscience and the collective purpose. In short, we see no reason for yielding to bewilderment and fear, but rather we find reason enough to believe in progress on sound lines and to contend for it with energy. For not less than forty-five years this periodical has carried as the title of its opening editorial survey this phrase: *The Progress of the World*. In many bound volumes now on the shelves of public libraries may be found our monthly report of changing conditions and history-shaping events in half a hundred countries. Theodore Roosevelt, whose activities for thirty years are noted in sixty of these volumes, believed that such a record as ours, written close to the facts, but in the spirit of history, would be useful for future reference.

If a periodical of this type has vitality enough to justify its continued existence, its current issues must be saturated with the facts and problems of today and tomorrow. Its business is to picture the passing scene, and to set down the story of the fleeting months, real-

izing that for each generation history begins anew, and the impending future is the chief concern.

Including the issues of the present year, our volumes will have dealt with twelve presidential elections in the United States, and with the doings of as many federal administrations. In our pages have been recorded the beginnings and endings of many wars, and the various efforts of an advancing world opinion to find means by which to keep peace, in spite of diplomats and statesmen. Also, they have included current analyses of many diverse economic situations, with earlier to later monetary experiments, and with cycle after cycle of good times and bad times.

With faces looking steadily toward the future, therefore, we are none the less justified in the backward glances that help to determine our objectives. Present readers will know that we have learned to rely upon the essential structure of the Constitution. We believe more firmly than ever in Liberty. We would put the federal government back on its own reservation. But we also believe that it will be compelled to find its way back, no matter what may be the outcome of this year's presidential election.

We shall endeavor to present facts, never doubting the general intelligence of our readers. But those who have known us longest will not wish us to begin trimming and hedging when it comes to the discussion of fundamental things. If we criticise the wasteful expenditures and meddlesome tyrannies of mushroom bureaucracies at Washington, readers will hardly think that any disinterested person could take offense.

Venturing, then, a swift glance backward for purposes of comparison, we think ourselves entitled to keep on using this phrase *The Progress of the World* at the head of our editorial pages. Doubtless every decade reveals typical faults. It has its social excesses, shortcomings in the conduct of popular self-government, terrible fatalities of war and strife, that deny the underlying ethics of all religious teaching. Yet standards are upheld; and the unrest of millions is better than lethargy or sodden hopelessness. We shall still talk of progress, and believe in it—hoping to see truth prevail.

Utopia versus Recovery

NO COUNTRY can be wholly free from the harmful influence of external disturbances. The dislocations of the years that included and followed the Great War affected the economic life of the United States profoundly.

The results can only be estimated or guessed at in a rough way, until a more stable period arrives following the violence of economic fluctuations that began in 1914, with normal averages not yet recovered after more than twenty years.

There is fresh reason for encouragement, however, as six years of extreme business depression, the beginning of which is conveniently dated by the stock-market collapse of 1929, have seemed to complete the low segment of an economic cycle. Mr. Joseph Stagg Lawrence presents for us an admirable summary of the improved economic situation at the turn of the year.

Men of vision have never lost confidence in the more distant future of the United States, even when struggling in the mire and bog of business stagnation at its worst. For each of four years, however, the course of affairs as related to the twelve months that lay just ahead had been a matter of serious doubt. It is a wonderful relief to feel less uncertainty about 1936. Prudent people will not forget recent pains and struggles, and will not seek to recover lost ground by indulging in the leaps and bounds of another speculative orgy. There is indeed nothing in the immediate prospect that would justify exuberant moods or extravagant ventures. But it will be altogether safe, in the year 1936, for those people who are in fact solvent to behave as if they were.

It is often the case in times of depression that individuals of ample means adopt the fashion of "talking poor". They cut off their gifts to hospitals, churches, and deserving charities. They reduce the wages of people who work for them, without real necessity. Without being quite aware of it, they profiteer upon the general distress. This only intensifies the depression, and retards the processes of recovery.

We do not refer to this trick of relative prosperity donning the mask of virtuous poverty as if it were anything more than a slight, incidental phase of hard times. We make the allusion merely to heighten emphasis upon the statement that the time has come to change the fashion of "talking poor", to exhibit the trait of generosity, and to put energy and courage into legitimate enterprise.

When the walls of a certain an-

cient city were to be restored after its defeated and exiled inhabitants returned, we are told that "every man built over against his own house". There was energy and a fair amount of rugged individualism in this erection of walled defenses. But there had to be good designing, executive management, and coöperation with neighbors at the points of juncture. Otherwise the wall would have been an irregular, hit-and-miss piece of construction. Let us concede that the building of those city walls was a collective enterprise, that had to be dominated by public authority. Individual good-will and personal effort could bring about the harmonious balance needed to produce a maximum of efficiency. There was planning, authoritative administration, and willingness to coöperate. This was better than forced regimentation.

But let us suppose that such a people had returned to find their homes dilapidated and unfit for occupancy. The prompt restoration of the city's walls would signalize the purposes of the community regarding security from external danger. With this public work accomplished, the citizens might well consider their private affairs. A good public policy would encourage them—perhaps aid them—to restore their habitations and to provide for the necessities of family life. The extent to which government should concern itself with the restoration or improvement of these decent standards of living would naturally depend upon precise facts and circumstances rather than upon theories.

Time for Self-Help

For a number of years in these pages we have urged our readers to believe that self-help counted for more than external aid, when the people of a nation were in the dismal swamp of an economic depression. Government has no power except that which the citizens contribute. Self-help reduces the strain upon public resources. A government like ours is directed by men of more or less average ability, such as one may meet in any state or smaller community. These men have excelled in the rivalries of politics, but as a rule they have not greatly excelled in the management of business affairs, in the practice of law, in agriculture, engineering, architecture and education, or in the other professions and vocations with which people in general are concerned.

Men in government authority have

the further disadvantage of a precarious tenure. A group of men constituting an Administration at Washington may adopt some radical theories of government, different from those of any preceding Administration. But even if they are permitted to disregard the constitutional limits intended to restrict their jurisdiction, they can seldom accomplish such things as they have planned to do, within a term limit of forty-eight months.

Furthermore, the proposal to bring the daily affairs of a vast nation of a hundred and thirty million people under some new type of centralized control cannot hope for success if the planning itself is of a vague and drifting kind, with casual experiments set on foot at any moment within the limits of a single presidential term. In short, the planning must be definite; and for success it must represent some previous consensus of opinion and policy.

It will not be enough that Congress should waive its own constitutional powers and duties, and confer them upon the President. A lovely personage with an entrancing voice might succeed Mussolini, or Hitler, or Stalin, with unlimited power placed in his hands. Yet he might make havoc of his nation's business within one season if it should prove that his chief desire was to lay hold upon the power, while he trusted to his gifts of lucky improvising when it came to the point of deciding how to exercise his unhampered authority.

A Glance Backward

The present Administration set out in 1933 to rescue the country from a state of business paralysis caused by an epidemic of fear. President Roosevelt supplied a reassuring leadership that was well adapted to meet the emergency. Having financial power placed in his hands, he could put government guarantees behind reopened banks and persuade citizens to return the deposits they had withdrawn. They were told to go about their pursuits in the belief that the worst was over. For a few months business recovery was at a rapid rate from the zero point of March; and the prophets of hope and cheer made promises that were not fulfilled. Perhaps the President himself was unduly stimulated by the universal chorus of approval that hailed his leadership during his first half-year.

He had been elected on a sound platform—the best and most explicit ever adopted by the Democratic party. But in his zeal not merely for normal recovery but for Utopian levels of universal well-being, Mr. Roosevelt seemed to lose sight of the

stubborn fact that ours is a confederation of forty-eight sovereign states, in different stages of development, stretching across a continent. Such a country could not be reshaped suddenly, on a collectivist model, as if it were a small and compact state, having something like uniformity of social and economic texture.

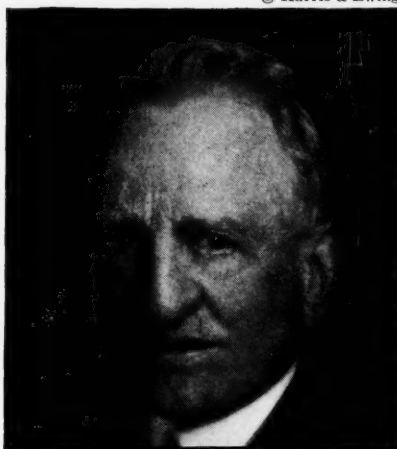
Already the printing presses are turning out numerous volumes purporting to describe the nature and results of one New Deal attempt or another. No sane and competent author would think of writing in detail about the sum total of this experimentation, so wide in range and so inconsistent in its diverse parts. Nothing but a dictatorship, exercised with ruthless and drastic power, and with no genuine elections to intervene, could give much promise of success to innovations that President Roosevelt has launched from time to time. Our President is a man of buoyant spirit, and of adroit appeals. Since we are evidently working our way out of the swamps, the President cheerfully argues that his experiments have given business its partial recovery, in spite of the ungrateful skepticism of business men.

Let us not fall into ruts of ill-tempered argument in treating of these strange proceedings. But, for Heaven's sake, let us deal with them frankly, and sincerely. They are our affair, if anybody's; and we have kept our freedom of speech. The President himself is not a man of detail. Many people are out of employment, and he asks Congress to give him thousands of millions of dollars with which to set them all at work. But his WPA and PWA have scattered these billions with frantic wastefulness, because there had been a firm promise at the White House to give direct employment on government projects to three-and-a-half million men within a fixed limit of months. The President insisted upon having the money in his hands to distribute, but he had no previous plans for accomplishing the proposed results. The men who were instructed to pass the money through bureaucratic channels were but human, and far from being supermen.

Advisers Come

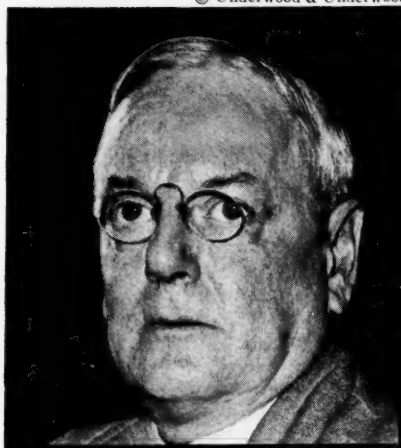
The successful dictator must be masterful, stern, strong of mind and body, and never off on pleasant vacations. Furthermore, he cannot regiment the citizenry of his country in execution of his projects, if he does not first discipline and control the "Commissars" who head his various enterprises. At Berlin and Vienna dictatorship stops at nothing. A dictator's lieutenants do not resign in order to

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GLASS

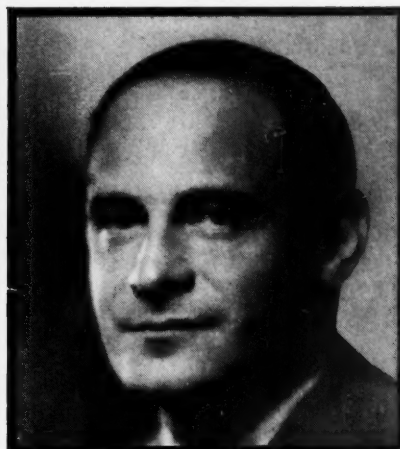
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SPRAGUE

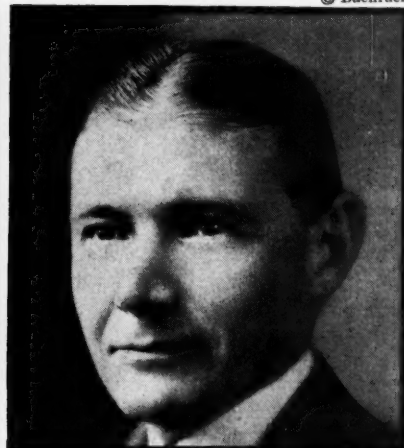
take the stump as critics, and to fill the newspapers with attacks upon the government machine of which they have been a part. Mussolini tolerates no back-talk; and he sends ambitious and unruly men to places where he thinks they will recover prudence.

But Mr. Roosevelt's efforts as a personal ruler to save the country from itself have not held his administrators together. There has been no such thing as the harmonious conduct of a coördinated program. At the outset, we were promised careful budgets and sound financial methods. With Mr. Douglas as director of the budget bureau and foremost financial adviser, the monetary and fiscal experts were reassured. Senator Glass was urged to head the Treasury Department; and this seemed an indication of the President's attitude as regards taxation and banking. With Mr. Glass preferring his seat in the Senate, a business executive of conservative views was secured for the Treasury post, but he was ill and soon retired. Professor Sprague, an American who was financial adviser to the Bank of England, gave up his large salary and came to Washington on small pay to lend patriotic aid to Mr.



WARBURG

© Bachrach



DOUGLAS

Roosevelt. Mr. James P. Warburg, a financial authority of recognized ability, was another of the men who was called to Washington to give counsel in matters relating to the banking system and the technical problems of money and credit.

Advisers Go

But Mr. Douglas, who had left his place of rising influence in Congress, withdrew from the Administration in disapproval of the New Deal, with its fiscal extravagances. He has become its most unsparing critic. Professor Sprague found himself ignored, and returned to his work at Harvard. Mr. Warburg, sharing the views of men like Senator Glass, resumed his career in New York, and has been outspoken in speech and with pen in condemnation of Mr. Roosevelt's policies. From his place in the Senate, Mr. Glass has contended vigorously against the inflationary banking and monetary policies of the present finance officers.

When the new Congress in 1933 responded with commendable promptness to the President's proposals for an orderly, quick-step march forward



JOHNSON

to newer and better types of prosperity, by far the most important in the series of measures were the bills that authorized the setting up of the National Industrial Recovery Administration and the Agricultural Adjustment Administration. Under the first of these all the business enterprises of the country, great and small, were to be classified and subjected to codes. Such codes were intended to regulate wages and prices, and to end unfair kinds of competition.

It seems that General Hugh S. Johnson—who had served for many years in the regular army, and had afterwards been engaged in various industrial undertakings—had ideas upon this subject of business organization under government auspices. The President gave him the job he coveted; and no other American ever magnified his office with a zeal so surprising, or with tones so swelling and forceful, as did this same Hugh S. Johnson. Everything else for a time was blanketed, as General Johnson astride his Blue Eagle rode the storms and took command of a codified and startled nation.

But when the General paused to consider whether a designated sick



PEEK

girl in South Dakota could be allowed an extra fifteen minutes at the lunch hour, the country broke ranks in the boisterousness of its recovered sense of humor. The old bird of Liberty at once drove the Blue Eagle off the scene. General Johnson came to earth with something of a jar. His chief counsel—less friendly—became his successor. The Supreme Court found the NIRA to be essentially unconstitutional. Congress undertook to repair its illegal points; but nothing could have saved it. The country had rejected it, and even forgotten it like a bad dream. The President, who now speaks with frequency, seems to have forgotten it, too.

Having been the Administration's most aggressive and resourceful experimenter, General Johnson during recent months has been exposing it, with attacks more devastating and persistent than those of any other man. Not content with speech-making, he has carried on his campaign in syndicated newspaper articles of daily recurrence; and few, if any, surviving New Deal administrators, whether inside or outside the Cabinet, have escaped his relentless thumb-nail character sketching.

AAA Comes Into Court

Last month the AAA was under intense scrutiny, because the fateful days had come for a review of the original statute, with its later amendments, by the Supreme Court of the United States. We shall not attempt in any manner to anticipate the probable findings of our tribunal of last resort. A most gratifying circumstance is the deep-throated response of the people of the United States to the ill-considered efforts last year to disparage the federal courts. Mr. William Green, head of the American Federation of Labor, was ready to lead a crusade against the courts on

behalf of an assumed partnership between the New Deal and his large and varied assortment of trade unions. But Mr. Green, who is a most amiable citizen, is even less fitted to inspire a movement to upset the essentials of the Constitution than is Miss Frances Perkins.

As for the AAA in its amazing ramifications, we believe that its administrator, Mr. Chester Davis, could pass an examination upon it with a high rating, though not perfect. We do not believe that Secretary Wallace could make a 50 per cent grade on the contractual schemes affecting the various

commodities, from wheat, cotton and hogs to peanuts and potatoes. No Congressman understands it, neither do the lawyers who defend it before the courts. The weakness of the system is inherent in its piecemeal character and its extremes of ingenuity.

The processing taxes that have been collected to the extent of more than half a billion dollars a year, to be distributed among land owners who produce the specified commodities, are at the center of controversy in the courts. These taxes are presumably passed along, and thus enter into the cost of living of every family in the country. If the courts undermine the AAA enactments, some other plan will be devised for farm subsidies; and since it could not be worse, it might perchance be better.

Mr. Peek Steps Out

When the Agricultural Adjustment Act was launched, George N. Peek was selected by President Roosevelt as its administrator. Mr. Peek was well acquainted with the sorry plight of the western farmers. He knew all about ruinous prices of hogs and cattle, the foreclosure of farm mortgages, the failure of local banks, the decline in value of farm lands, the inability of farmers to pay taxes, and the breakdown of the industries that supply farmers with machines and utensils. The loss of purchasing power by the farmer was affecting eastern textile and shoe industries, not to mention a hundred other trades. It had cut down car-loadings, and was throwing the railroads into bankruptcy. It was destroying the demand for new automobiles and trucks. Perhaps this newcomer had the magic—hopes were high.

Mr. Peek is an able and forceful man, as gifted with the useful art of silence as Johnson is gifted with the power of profuse and colorful speech. The two men were friends, who would not fail each other. Perhaps Mr. Peek was unable to bring the transcendental musings of Secretary Wallace down to his own variety of brass tacks. Whatever may have been the trouble, Mr. Peek was relieved of the AAA job. The less angular but efficient Chester Davis took the helm, without making even a slight sensation.

Holding firm views on the subject of foreign markets for parts of our agricultural surplus, Mr. Peek was authorized to study this subject intensively. He was then placed at the head of one or more agencies called Export-Import Banks. But while Mr. Peek was working at foreign trade along lines of his own, the Department of State was negotiating bilateral agreements with one coun-

try after another. The latest and most important of these treaties has been the reciprocity arrangement with Canada, upon which we commented in these pages last month. Mr. Peek believes that such agreements only serve to disturb more fundamental lines of adjustment. As a severe critic of the present Rooseveltian policies, George Peek could not remain at the head of a New Deal agency. Accordingly, like his friend Johnson, he is now on the outside. He may learn to break his accustomed silence with greater frequency.

American agriculture is not uniform in character but regional. This is for two main reasons, both of which are obvious to all who pretend to the slightest knowledge. Regional lines are determined first by circumstances of soil, climate, topography and population. Second, regions are determined—with less exactitude—by the history of our public lands and the successive advances of pioneer settlers to farm new areas. An intelligent plan at Washington would recognize these obvious facts. The present policy, which deals with commercial commodities rather than with country life and farm families, has been of doubtful benefit to the majority of actual tillers of the soil.

The districts that have produced our wheat surplus by a misuse of new lands are the very districts that have been the recipients of nearly all of the wheat bounty. And in those districts the large checks have gone to producers who are not farmers but speculators. Their methods create on a wholesale plan, the erosion and the exhaustion of lands that Mr. Tugwell, with many millions of dollars at his disposal, goes forth to remedy. With one bureau, the Government subsidizes soil destruction. With another bureau, it pretends to discover and cure the very evils of which it is the chief promoter.

Prosperous South

We are publishing timely letters from editors in a group of southern states. We have only praise for the enterprise of the *Literary Digest* in attempting, by a voluntary poll of citizens, to discover political trends and preferences. But for our own part we are well satisfied to accept the views of newspaper men who are in constant touch with public opinion in their respective states. The South has responded with grateful alacrity to the policies that have so greatly advanced the market value of cotton and tobacco, not to mention other products. We do not for a moment believe that the South is conscious of any permanent compromise of its States' Rights principles.

In various districts the share-cropper who has farmed a forty-acre cotton field with the aid of his mule and his family, has not, we are told, been aided as directly as have the large planters and landowners. But the purchasing power of the South is so much increased that there is widespread prosperity. The Southern people are not ready to vote against twelve-cent cotton; and the profits on their small fields of tobacco will offset any feeling against federal policies. They are not thinking quite enough, perhaps, about the rapidity with which our subsidized cotton has stimulated the expansion of the cotton areas of the Nile Valley, not to mention new fields in Brazil and other countries.

Intelligent men in the South know that other valuable crops could be produced in their states; and believe that more diversity might in the long run prove to the advantage of the farm people in our cotton belt who rely on one staple product, and buy their "hog and hominy" out West.

Before ending a vacation at his Warm Springs resort in Georgia, President Roosevelt was entertained at Atlanta, where on November 30 he made an address before one of the greatest assemblages in the history of American politics. It seemed to claim

everything in the country's better outlook as a victory for the policies of the New Deal. In one respect our President is unrivaled: no other man can face possible reverses with such an air of unflinching self-confidence and such triumphant disdain of criticism. A quarter of a million people at Atlanta were hypnotized. Governor Talmadge of that state was not present, although several Governors came from neighboring commonwealths.

Talmadge is at large, in blunt and defiant opposition to the President and the New Deal. But if the reader will turn to our extended survey of the Georgia scene, written by Mr. Francis W. Clarke of the *Atlanta Constitution*, he will find the reasons for Mr. Roosevelt's air of confidence. On the basis of fact, as Mr. Clarke declares, Georgia would support Roosevelt and the Democratic ticket next November even if it were a rock-ribbed Republican state.

At Chicago, on December 9, the President addressed the Farm Bureau Federation. Speaking to the agricultural elements of the Northwest, he was as positive and as aggressive in his claims for AAA methods in the corn-hog and wheat sections as he was in his previous address to the beneficiaries of the Bankhead cotton policy.

Safety Under the Constitution

Since the President made his one glaring mistake of attacking the Supreme Court when it rendered a unanimous decision affecting the constitutionality of the NRA, he has avoided a topic so fraught with political danger. The further prosperity of southern farmers and western farmers is eagerly desired by the stock market, by the railroad heads, and by the masters of heavy industry in Pennsylvania and Ohio. But when

such prosperity is maintained by unconstitutional methods, at the expense of consumers from New York to San Francisco, every intelligent man hopes to see its continuance projected upon a safer basis.

Assuredly, the Constitution will not be thrown aside, nor will the courts be reduced to impotence, in order that Mr. Henry Wallace of Des Moines, Iowa, may at his own discretion reduce one crop and enlarge

By Ray Evans, in the *Columbus Dispatch*



GREEN



LEWIS

another; levy taxes at varying rates on thousands of mills and industries; distribute money by hundreds of millions to landowners, under rules and methods constantly changing and always discriminatory; punish unlicensed cotton shipments from one county to another with confiscatory fines; and throw into prison the innocent purchaser of a peck of potatoes from the garden of a neighbor who had not obtained a federal license to till his customary patch of tubers.

Evidently, the Farm Bureau Federation, gazing in dumb wonder at the miracles performed, is willing to waive the Constitution. But the Democratic party will refuse to go wildly heterodox, even to oblige so strong a body as the Farm Bureau. For a good while the leading Democratic lawyers have not believed that the AAA in present form could survive the test of the courts, and they show no sorrow. They, too, are strong for old landmarks.

But can a combination of labor leaders and professional farm politicians join in a movement to upset the present Constitution, and create a centralized dictatorship to supersede the system of government that is now under strain? The combination would be difficult, for simple bread-and-butter reasons. The increased cost of living compels wage-

earners to ask why they must enrich the land-owners of the South and West. Furthermore, the farmers, being capitalists themselves, are instinctively opposed to the demands and pretensions of the labor leaders. They are aware, also, of the deadly fight that has begun between the old-line trade unions and the vertical plan of organization that John L. Lewis, head of the United Mine Workers, is demanding, as he considers the steel and automobile industries as a vast field of golden opportunity for labor organizers.

New Relief Measures

Mr. Roosevelt, whose absorbing aim for the next ten months must be the success of the Democratic party in the November elections, will not risk a further abandonment of the Stars and Stripes as the emblem of our federated forty-eight sovereign states. The temporary employment provided by his four-billion fund may last until the new leaves appear, and the corn is planted, next spring. But the present Congress, meeting for its final session just after New Year's, must decide within the next few weeks how the problem of relief can be met for the next fiscal year that begins on the first day of July.

The federal government has been

dealing on a personal basis with millions of individuals in more than three thousand counties, including those in the crowded tenements of greater and smaller cities. To continue such a system would be too weird to be insisted upon by any really sane and intelligent mind.

We do not qualify the statement that the administration of relief should always have been under state authority. Financial aid, because of Uncle Sam's control of the power to borrow money and to market securities, should have been lent to the states in generous measure, in accordance with their needs. No one knows better than Mr. Hopkins and his official staff that the time has come for the federal penetration of communities everywhere, in the guise of the Good Samaritan, to be brought to a definite end.

In theory, public works are desirable in slack times. But in practice, valuable public works cannot be improvised. Nor can they be carried on by spending the entire available relief fund upon subsistence wages, paid to men whose ordinary work is in other directions. Our costly experience condemns the employment of armies of job-seekers at random leaf-raking in parks, and other fantastic "boondoggling".

Up to the Supreme Court

In our present number, Mr. Louis P. Eisner concludes his three useful articles upon the Constitution. He is not arguing, but is explaining for the lay reader the nature of the NIRA decision and the contentious points in other New Deal legislation yet to be passed upon. Mr. Eisner believes that farm legislation may be brought within the terms of constitutional authority as defined by the courts. It is to be hoped that this may be true; but the present system, regardless of the Constitution, is too bewildering for permanency.

Mr. Eisner states the principles underlying the Guffey Coal Act and the Wagner Labor Relations Act; and it is plain that he does not regard them as likely to be sustained in their present form. But at the end of his article this thoughtful New York lawyer tells us that we may expect, at a reasonable time in the future, an amendment to the Constitution clearly defining the respective powers of federal and state government in the field of business regulation. More than thirty years ago we were considering the idea of bringing all great corporations engaged in interstate activities under an act providing for federal incorporation, with licensing and supervision.

Everyone is anxious to have pros-

Acme Newspictures



HOUSING

A building revival should mark 1936. This is New York's initial project—model housing in slum districts.

perity regained on a sound basis. The best immediate prospect lies in the field of construction. Improved housing in cities, and the building of modernized homes for several million families outside of the urban centers, would revive the steel and lumber industries, along with many others, and would provide genuine employment for men who seek work at their own trades.

Railroads and Utilities

An unreasoning hostility to the railroads has taxed them to the point of confiscation, and subjected them to unfair competition. Since the railroads are indispensable, and since they represent genuine investments totalling about thirty billion dollars, their prosperity is bound up with that of the country at large. They should be helped to pay off their bonds, and to get out of the toils of the money-lenders.

Mr. Clapper supplies a timely article upon Prof. Felix Frankfurter, and the aggregation of young lawyers who have been brought to Washington to formulate New Deal legislation and to fight the battles of the alphabetical bureaucracies against trusts, monopolies, and big business in general. Mr. Frankfurter is regarded as the President's chief adviser behind the scenes at Washington. The New York stock market resisted regulation at first, but it seems to have taken on a healthier complexion under the SEC, with Mr. Landis at its head. For this they seem to have given the "Frankfurter boys" some belated credit.

Doubtless the great power industry was linked together too rapidly under complicated systems of corporate management, as "super-power" was evolved. Investors had found, to their grief, that some holding companies were on a false basis. But corporation reform in the field of utilities did not call for death sentences. The power industry must, forever, be dependent upon the rendering of good service to its customers at reasonable prices, and this will supply the motive for sound methods. The chief fault of the attacks upon it at Washington has seemed to spring from a bitter spirit of hostility, whereas a spirit of reasonableness would have produced results that the best minds in the business world would have been ready to support.

Meanwhile, the utility interests are not only powerful enough to defend themselves against government injustice, but they are well-advised in analyzing their own situations, to the point of thorough housecleaning wherever needed. They can beat the demagogues by sheer enterprise in

MARCH OF EVENTS

War and Peace

November 24-28. Revolt in Brazil, said to be communist-inspired, and involving non-commissioned officers of the regular army, is suppressed by the government of President Vargas. Centering at Rio de Janeiro itself, it involves also Rio Grand do Norte and Pernambuco states. The loss of life is 138 killed.

November 30. Plans for immediate proclamation of "autonomy" in North China, under Japanese urge, are temporarily postponed. The new government would include Peiping and Tientsin cities and Hopei and Chahar provinces.

December 9. Five naval powers meet at London, in a third attempt to reduce big navies; the first at Washington in 1922. Two of these five nations are now engaged in war or near-war; two others are in danger of entanglement. The United States, uninvolved, proposes a further reduction of 20 per cent.

December 10. A peace offering is submitted to Italy by Britain and France. The terms include a strip of Ethiopia in the north (already occupied), that lies adjacent to Italy's Eritrea, and a large portion of Ogaden province in the south adjoining Italian Somaliland. Ethiopia, which would receive a corridor to the sea, rejects the idea.

New Rulers

November 25. George II returns to Greece as King, by invitation, the first monarch to regain his war-lost throne.

December 11. Cuba's sixth President since the 1933 revolution is forced to resign—Carlos Mendieta, in office from January 18, 1934. Jose A. Barnet, Secretary of State, automatically becomes seventh President; the electoral college will choose an eighth; and elections already set for January 10 will select a ninth.

December 11. Swiss voters elect Albert Meyer as President for 1936. The new chief is a peasant-born, gold-standard financial expert (newspaper editor by profession); the retiring Rudolph Minger is distinguished for revamping military defenses.

Industry Revolts

December 5. A "platform for American industry", adopted by the National Association of Manufacturers, at New York, declares that "Government efforts to promote recovery have, in fact, retarded recovery", that "revival is being prevented by a persistent departure from the principles of social and economic organization on which American progress, prosperity and civilization have been built".

December 7. "No" is the answer of 82 per cent of 10,000 manufacturers asked whether they favor con-

tinuance of NIRA principles and policies. The poll is conducted by the National Association of Manufacturers; the plants polled employ 3,900,000 wage-earners.

December 9. Industry clashes with the Government at a conference in Washington. Management and labor were to discuss problems and proposals in separate groups, under the guidance of George L. Berry, Coordinator for Industrial Cooperation, to agree upon the fundamentals of a national industrial policy, perhaps the setting-up of an industrial council. The conference adjourns.

Labor Divides

November 23. A split in labor leadership is disclosed by the resignation of John L. Lewis as a vice-president of the American Federation of Labor. He retains his presidency of the United Mine Workers. Lewis is the chief advocate of "vertical" unions, embracing all workers in a particular industry, as opposed to the present craft unionism.

Aiding the Farmer

December 1. The much criticized potato tax goes into effect. A national tax-exempt allotment of 226.6 million bushels is fixed by AAA, equal to the 1929-33 average annual sale; and a tax of three-fourths of a cent a pound is to be placed on the excess. Growers who wish to sell more than 50 bushels must apply for allotments.

December 7. George N. Peek, recently special adviser to the President on foreign trade, denounces the trade agreement with Canada. The President, he declares, has reversed his October 26, 1932, position by reducing duties on agricultural products; 84 per cent of concessions by the U. S. in this new trade treaty, says Peek, are on farm products.

December 9. President Roosevelt addresses the American Farm Bureau Federation, at Chicago. He declares that the "organized power of the nation" had advanced the farmer's purchasing power to 90 per cent of normal, from 50 per cent in 1933.

Ocean Flight

December 6. The *China Clipper* completes the first air-mail voyage to Manila and return, arriving at Alameda, California, with a record of 16,000 miles in 123¼ hours, averaging 130 miles per flying hour. The plane carries a crew of seven. It began the trip on November 22, and made stops, each way, on the islands of Hawaii, Midway, Wake and Guam.

December 11. Air-mail across the Atlantic, under joint United States and British operation, becomes a probability after official discussion at Washington. Alternative routes via Newfoundland and Ireland, and via Spain, the Azores, and Bermuda, are to be tried in the spring.

serving the public, coupled with great care to protect investors, and to repudiate all practices and methods that have been found improper. When government and business are in conflict, honest business has this

clear advantage: it can mind its own affairs without diversion, whereas the government is playing double—more intent upon the game of politics than upon the game of competition with private enterprise.

A Glance Around the World

At the beginning of every year no question is asked more anxiously than this: Is there to be war or peace among the nations? Japan has been making advances in North China with extreme rapidity, while the attention of the world has been focused upon the Ethiopian situation. It is useless to deny the plain fact that the Japanese, flouting the League of Nations, have created something like order in Manchuria. Their government of "Manchukuo", under the nominal rule of Henry Pu-Yi (survivor of the Manchu dynasty at Peking) is an established fact, no longer contested. Japan is now organizing several provinces of North China as another political entity; and it seems fairly certain that this will be accomplished without military conflict. Japan's amazing enterprise in trade is described for our readers in a notable article by Mr. C. T. Revere. We think Japan merits her success.

The British general election, which gave the Tory Imperialists the greatest majority in Parliament that they have had in more than half a century, occurred at a moment when sentiment seemed in general agreement concerning the Italian designs upon the ancient kingdom of Ethiopia. The League of Nations had found Italy an aggressor, in violation of agreements. Economic penalties had been determined upon, and partially applied. The question of Italy's need of oil (and certain other commodities such as copper) had arisen. Our own government had called upon the petrol-

eum interests to refrain from making sales to Italy. But under the influence of England and France, the League of Nations was hanging back.

Suddenly it became clear to all the world that the British and French governments were using the League of Nations as a mere counter in their dickering behind the scenes, on behalf of their own imperial interests and projects. Finally, in the early days of December, all lingering doubts were removed by the official offer made to Italy, by the British Foreign Secretary and the French Premier, of a full half of Ethiopia's territory as a reward for a short campaign of conquest. This offer had been made without pretense of consulting Ethiopia's ruler.

The humiliation of Ethiopia under these terms was to have been complete in every way. England had brought that obscure country into the League of Nations, it is charged, to block Italy's understood ambitions.

The British during the great war had assumed domination in Egypt, and had announced its annexation to their empire. They had seized the Sudan for themselves, and had kept Egypt (and her own proper Sudanese dependency) outside of the League of Nations. In 1923, the Egyptians forced the British to evacuate, and to recognize Egypt's independence.

But, more recently, the British had again asserted control, and last month they refused to concede the claims of a new Egyptian Nationalist Cabinet, which an irresistible public

opinion had brought into power at Cairo. Our cotton policy has added enormously to the prospective wealth of Egypt and the Sudan; and the British are more than ever determined to control the Ethiopian sources of the Blue Nile for the sake of their irrigation projects. But the rioting students have restored Egypt's constitution.

Public opinion flared up rather angrily in England, and there was disension even in the Tory Cabinet when the treacherous sacrifice of Ethiopia could no longer be hidden. War is an expensive thing, and Mussolini was taking risks and paying a great price for what he hoped to gain. Haile Selassie was resisting as best he could, with patriotic fervor. The whole world was indignant at the betrayal of the League by imperialists.

There are honest defenders of the rights of small nations at Geneva, and they have not lost the power of clear speech. Among the voices heard from that world tribunal none has been more sincere, more eloquent, and more convincing than that of the President of the Irish Free State, Mr. De Valera. If double-dealers were expelled from the League, the United States might consider joining it.

Navies to the Front

It was generally supposed that the Naval Conference, assembled as a formality at London last month, would not agree upon any plan or principle whatsoever. The British had already been making separate naval agreements, as that with Germany, in violation of the principles of the Washington naval compact. The Japanese went to London to claim the right of full naval equality with England and the United States. But since their financial resources are far less, they suggested a "top limit" for all navies.

To put it differently, the British and American navies were to come down to a level that Japan's limited means could meet without too much sacrifice. For many years we have argued that a peace-loving country like ours should not be afraid to make its latent strength respected. Woodrow Wilson was far-sighted when—returning from the futile Peace Conference—he held that our own interests and those of the world would be best served by the creation of an American navy superior in all respects to that of any other country.

Articles by Mr. Roger Shaw and others deal with situations in Europe and Asia; and our cartoon department reveals foreign opinion in striking fashion. Europe is arming feverishly, and is not as hopeful as America. But the ferment is not indicative of a general war in 1936.

Underwood & Underwood

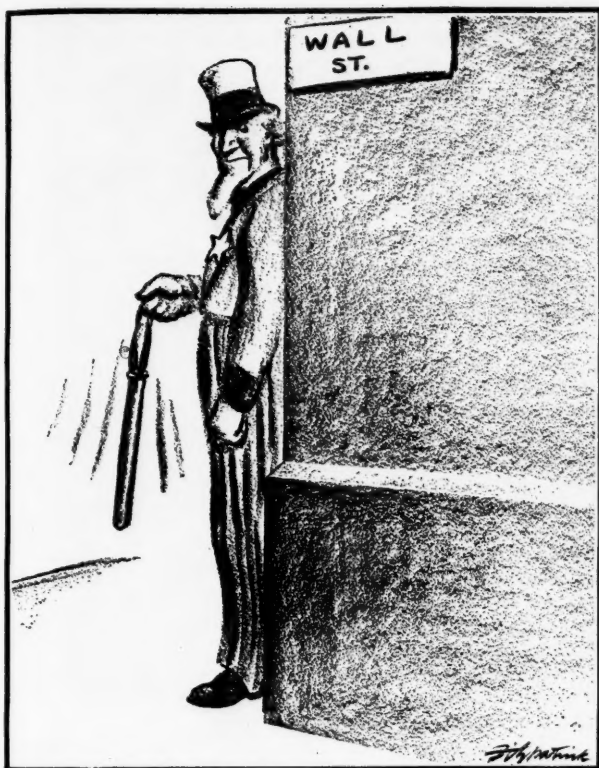


EDEN

Keystone



DE VALERA



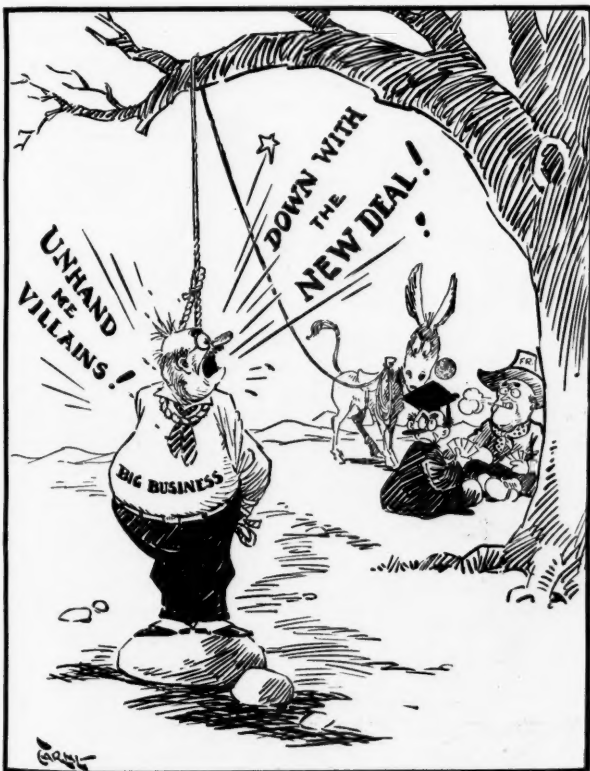
AGAIN?

By Fitzpatrick, in the St. Louis Post-Dispatch
Do sounds of another speculative orgy reach the ears of that ever-watchful protector of public welfare, Uncle Sam?



SOLD!

By Kirby, in the New York World-Telegram
England and France have shown their true estimate of Miss League of Nations, a gal to serve only when needed.



NOOSE

By Carlisle, in the New York Herald Tribune
Business is still worried about what may happen when and if the "breathing spell" comes to an end. Has tinkering stopped?



SLICE

By Carlisle, in the Des Moines Register
Hungry private citizens wonder what will be left for them when the government gets through with its delirious spending spree.



SALUTE

By Elderman, in the Washington Post
Public utilities take a sock at the executioner by refusing to register with the Securities Exchange Commission.



WOBBLY

By Bishop, in the St. Louis Star-Times
A fighter is no stronger than his legs. Can recovery win its depression battle hampered by continued unemployment?



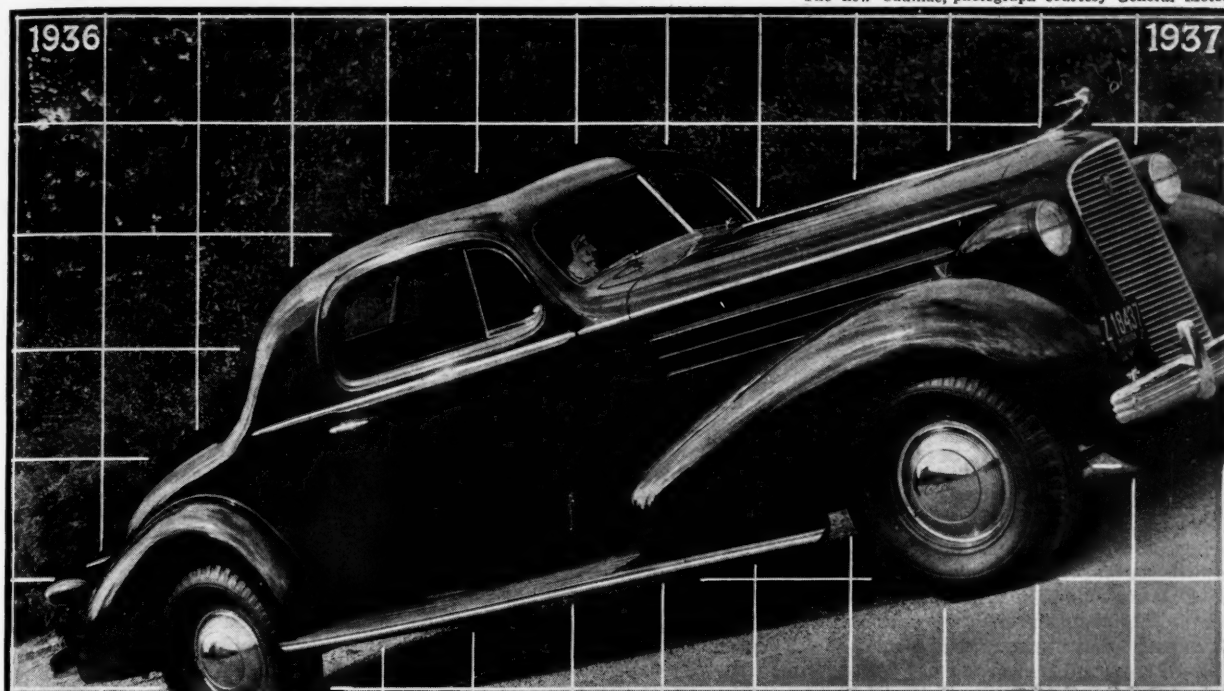
WAILING

By Brown, in the New York Herald Tribune
It all depends on the point of view, whether you want to see the Canadian tariff wall set higher or lowered.



MISSES

By Brown, in the New York Herald Tribune
No matter how much is spent on ammunition, the unemployment bird remains untouched. The taxpayer stands aghast.



PROMISE OF A NEW BUSINESS YEAR

BY JOSEPH STAGG LAWRENCE

Depression passes definitely into history as the third year of recovery, just ended, sets the stage for a new year of promise. Some thin spots remain, however, and there are elements of danger.

NEVER BEFORE has a new year dawned whose outstretched hands extended business a benediction so eagerly sought. The closing months of 1935 definitely mark *finis* to a harrowing ordeal. A social system which had endured a century and a half of weal and woe was placed in a crucible when the stock market collapsed in the fall of 1929. It has resisted the high temperatures, political and economic, of six years of uncertainty and strain. Now it emerges, refined and chastened, to ascend the slope of another cycle.

Perhaps this view takes too much for granted. Can we say that orthodox capitalism—with saving adjustments to new conditions—has won the day against the assailing "isms" of the crackpots, demagogues, and mental flyweights? Has constitutional democracy vanquished the

ambitious advocates of dictatorship?

Some will hasten to point out that these issues—to wit, regimented socialism versus individualistic capitalism, executive absolutism versus representative government—are the obvious objects of current strife. To which we reply that the strife is more apparent than real. If this remark seems cryptic let's take it apart. In doing so we shall uncover the real claim of 1935 upon the gratitude of American business.

It is necessary to restate the setting of the problem. The depression through which we have passed has been the worst that this country ever experienced. Usually when the agony of the body is sharp Providence mercifully cuts it short. During this last depression something went haywire with the cosmic controls, for the patient's pain was both acute and

protracted. We will not dwell on it.

From the average level of 1929 to the low point during the summer of 1932 business fell off by 56 per cent.

The national income in the same period declined from 81 billion dollars to 39½ billion.

American business as measured by returns made to the Bureau of Internal Revenue showed net aggregate earnings of 7,950 million dollars in 1929 and a net aggregate loss of 4,930 million dollars in 1932. Employment fell off 37 per cent and pay envelopes shrank 57 per cent.

Liquid wealth as measured by the value of securities listed on the New York Stock Exchange lost 84.3 billion dollars from their aggregate value at the peak in 1929, revealing an unprecedented shrinkage of 61.7 per cent at the low point in July 1932.

The severity of this distress, the

duration of the decline, and the complete lack of any previous experience of comparable magnitude released the inhibitions of all those who had "plans"—and their number was and is legion.

The conservatives who had some faith that orthodox forces would eventually purge the system of accumulated poisons were on the defensive. Their position was negative. Their advice in substance was: "Let matters take their own course. Recovery will only be delayed by artificial stimulants, however well-meaning and intelligently designed they may be."

Economic Tinkering

This Fabian counsel was spurned and its advocates reviled. Economics being what it is—i.e., a body of knowledge far removed from scientific status—there was ample room for an honest difference of opinion. Those who felt strongly that poverty and distress in the midst of plenty were a reproach to the older order, so strong as to justify its abdication, had a good case. The conservatives, by and large, with muted misgivings, consented to the policy of experimentation and control.

President Roosevelt accurately sensed the spirit of the country in the spring of 1933. It demanded positive action. And the President, responding to this sentiment, elected to ignore the old rules in an earnest effort to restore prosperity.

Now, when the National Association of Manufacturers, the United States Chamber of Commerce, the American Bankers Association, the Liberty League, etc., rebuke the theory of experimentation, let it not be forgotten that American business applauded the vigorous action of the

Government in 1933, when it began.

It may well be that economic control, coming as a revolt against *laissez faire*, went to extremes and gave us what some critics have described as a saturnalia of regimentation. The tide has now definitely turned. Its turning has rested upon facts which unquestionably discredit state control of economics and convincingly demonstrate the superior merit of less spectacular economic behavior.

When the Schechter decision was handed down, in the closing days of May, the Government itself had already lost faith in some of the sure-fire devices which enthusiastic proponents had persuaded it to adopt.

The gold purchase and devaluation stunt is a case in point. A group of reputable, if not dominant, heavyweights among the economists had long advocated price and prosperity control through some regulated variation in the gold content of the dollar. The plan has been thoroughly tried and the conclusion of the jury is failure.

When the Supreme Court applied the *coup de grace* to NRA it was already a discredited remedy for unemployment and inadequate mass purchasing power.

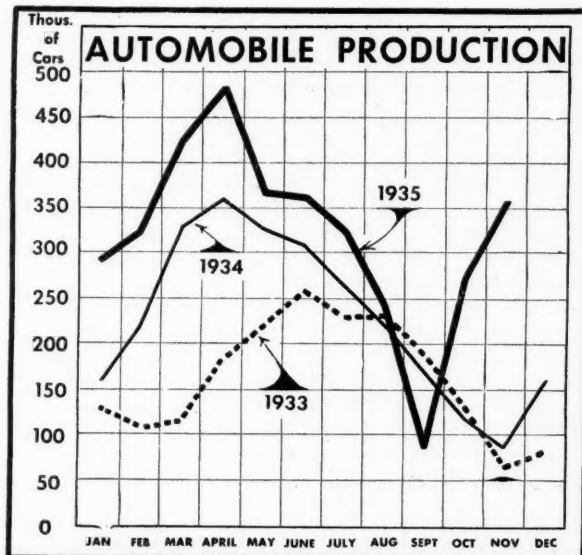
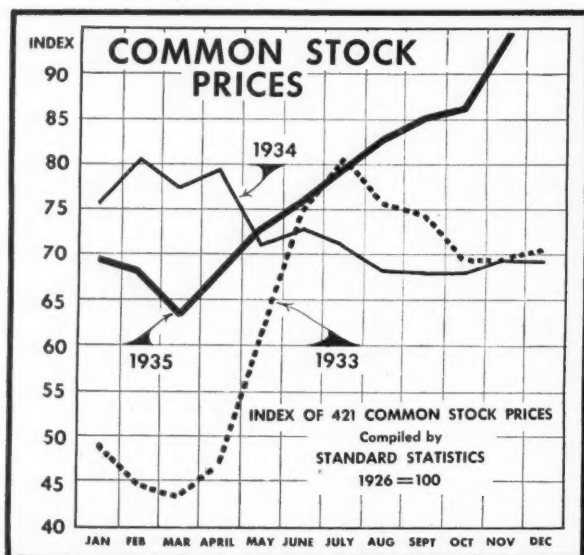
The year 1935 marks the twilight of positive control. To enumerate the evils, real and alleged, of recovery by authority would make this seem like a partisan campaign document. Suffice it to say that the old rules, which we decided in a moment of national stress to discard, have been reaffirmed by the Supreme Court in so far as they are constitutional, and by the course of business recovery since the Schechter decision in so far as they are economic. The evidence, indeed, is quite overwhelming.

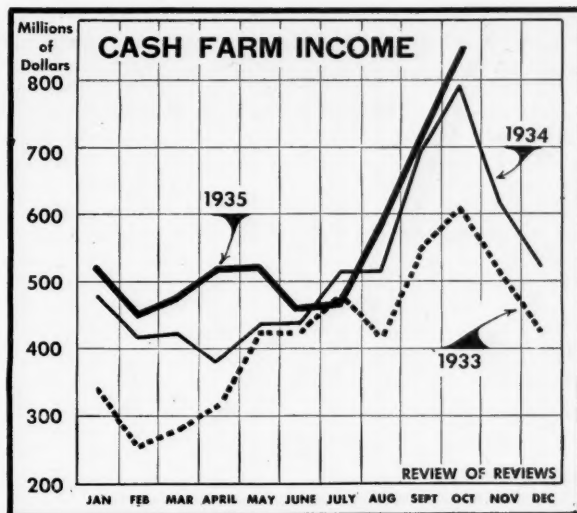
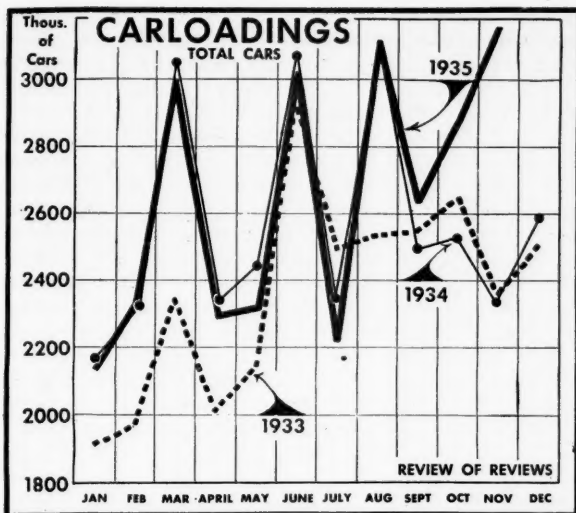
During the past twelve months business as measured by the REVIEW OF REVIEWS general index has improved more than 20 per cent. The national income, according to preliminary estimates of the U. S. Department of Commerce, has gained 6½ billion dollars over 1934, an increase of 13 per cent. Based on earnings reports for the first three quarters, corporate earnings are up 33 per cent over the previous year. Employment has gained 8.8 per cent. Total wage payments are 23 per cent better than they were a year ago.

It is doubtful if anything contributes so much to the national sense of prosperity as an appreciating stock market. The daily stock quotations constitute a sensitive barometer of personal wealth. As it mounts, even though the profits remain unrealized, millions of security owners feel richer. They are more inclined to draw down their bank balances and extend their regular buying into marginal luxury fields which had been avoided during the drought years. In a land where the imponderables of credit and confidence are weighted so heavily it is difficult to exaggerate the importance of an ebullient stock market—even though it carries the seeds of danger.

Construction Prospects

It is the revival of confidence in the future, and faith in the security of established institutions, which account for the most important of the items of recovery. The depression, we now know, was essentially a depression in the capital goods industries. There we had our greatest ebb in activity and our most serious unemployment. Residential construction fell to a point where new building scarcely replaced the number of





homes burned during the period. The level of residential construction during the greater part of 1933 and 1934 was approximately 10 per cent of the average during the latter twenties. Where the consumption of food and other necessities was maintained at per capita volume more than 90 per cent of prosperity levels, the nation virtually suspended new residential construction.

The reasons for this have been frequently and ably developed elsewhere. Personal incomes declined. Positions were insecure. A new home involves a long-time commitment. It can only be made when the reverse of the two conditions just mentioned holds: i.e., incomes must be rising and positions must seem more secure.

The facts are eloquent. Residential construction during November was 94 per cent ahead of the same month in 1934. Total contracts for new homes in 1935 will almost double 1934. Competent authorities who are making substantial investments on the basis of their forecasts estimate

a dollar volume of construction in 1936 from 200 to 300 per cent greater than in 1935.

It should be noted that Uncle Sam rendered important assistance in bringing about this rebound of home-building. Through the FHA he has raised home building standards so that we have a better chance of avoiding in the next wave of construction the unsightly jerry-built houses which disfigure developments in all parts of the country. Methods of home appraisal for loan purposes have been improved and the Government shares part of the risk. The funds are provided by private agencies which must assume 80 per cent of the risk. Building-and-loan associations have been rehabilitated through contributions of federal capital. A central mortgage bank is in operation which enables lenders to borrow on the mortgages which they hold—a sort of rediscounting process for home mortgages which makes them more liquid.

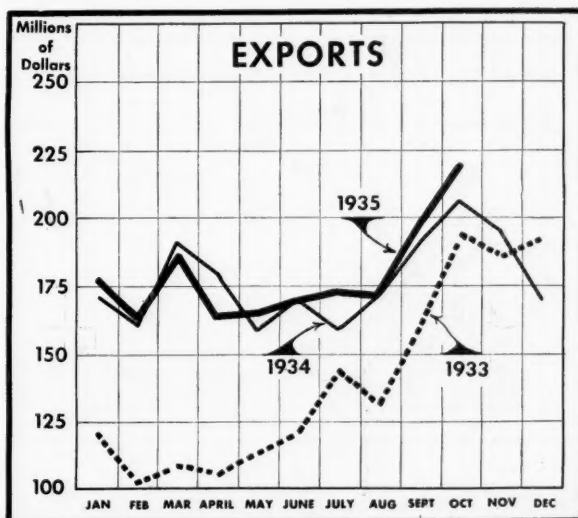
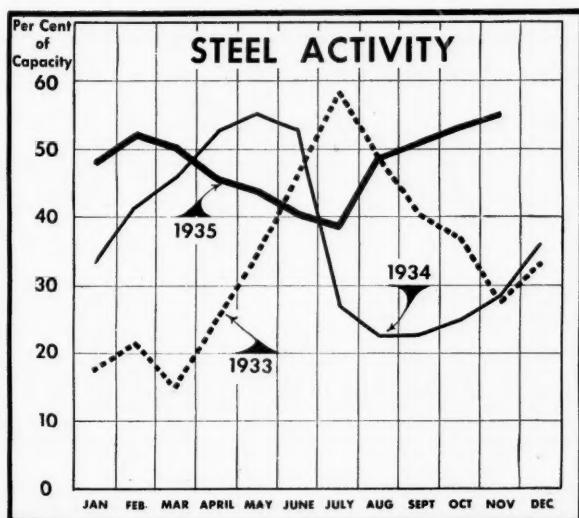
Construction is the backbone of the

capital goods industry. Progress is evident in related and component fields, other than residential. In some of these, comparison with home-building is disappointing.

Business Uncertainty

Public utility construction, for example, remains at a low ebb. During the period 1926-1930 it averaged 540 million dollars per year and accounted for 10 per cent of the total construction volume. Here new building is held back by uncertainty. The industry is invoking its legal rights in resisting federal regulation. As long as the issue remains in doubt it is difficult for power units to obtain capital for new construction, even if their managements were so disposed.

However, power consumption at the time of writing is establishing new all time high records. Continued recovery will bring increased commercial and industrial consumption of electricity. Rising incomes will stimulate the purchase of electrical



domestic appliances which are increasing at a gratifying rate. It is simply a question of time, granted recovery, before the utilities will be forced to undertake substantial additions to plant and the purchase of new heavy equipment. This break may occur in 1936.

A satisfactory composition of the differences between the Government and the utilities, either through a Supreme Court decision or through a compromise with the S.E.C., would hasten the release of a vast amount of capital goods business by the utilities.

Machine Tool Boom

Industrial building must await a more advanced stage of recovery. Heavy investment in plant during the latter twenties left most of our corporations with excellent physical equipment. Intensive research and technological progress during the past five years has rendered some of this obsolete. This statement applies to machinery rather than buildings. The pressure for lower costs and better products, always bearing upon management, has brought about a remarkable recovery in the machine tool industry. Orders during the first ten months of 1935 were 82 per cent ahead of 1934, and 329 per cent better than 1932. According to the statistical norms of this machine-tool industry it is now experiencing nothing less than a boom.

Steel and carloadings are the traditional weather-vanes of business activity. The steel companies must operate at 50 per cent in order to break even. The fruits of greater efficiency have been passed on to the worker in the form of higher wages and to the consumer in the form of better products, with the result that the break-even point remains approximately at pre-depression level.

The year just ended is the best the industry has had since 1931. Operations averaged 46.3 per cent of capacity, and by comparison with other depression years have been singularly stable. The advance of the automobile show date has proved a seasonal windfall, which may exact compensation during the spring. What the steel industry needs, above all, are some new large scale consumers. It is doubtful if oil, railroads, or public construction can be expected to absorb the same steel tonnage in the next few years which they did during the latter twenties.

Railroads to date have not shared fully in the improvement of general business. The lag in heavy goods, the inroads of trucks, particularly small independent carriers and farmers, have been marked in certain types of business in terms of total tonnage and revenue. These do not appear to be serious. The passage of the Motor Carrier Act, an increasing of determination of Co-ordinator Eastman and the Administration to restore the railroads to a profitable basis, and improvement in the heavy industries, all indicate that the carriers have definitely turned the corner. The view is strongly supported by the current strength of railroads in the stock market.

It is difficult to treat agriculture with broad, summary strokes. The prospects are profoundly complicated. The farmers have sampled government control and found it to their liking—on the whole. Interest charges on farm debts have been cut, surpluses have again become normal. With all its faults, the AAA seems to have given agriculture a measure of protection against the competition of cheap agricultural labor in other parts of the world comparable to that enjoyed for years by manufacturing industries. Neither party can afford to permit a relapse in farming to the

condition of the twenties. Although the favorable farm situation may be considered artificial, it is nevertheless a strongly entrenched position.

The automobile industry is probably the best example of what able management, resisting the encroachments of government regulation and labor restraint, can accomplish. It has led the prosperity procession and will show production for 1935 approaching 4,000,000 units. With the soldier's bonus a practical certainty, and further business improvement a reasonable expectation, the automobile industry may look for a 20 per cent increase in unit volume and a more than proportional rise in dollar volume in 1936.

Gaining Momentum

There are still thin spots in the pattern of recovery and some elements of danger. The demand for new capital has been negligible. The banks, flooded with funds, are hard pressed to find a safe use for them which will net some return to the bank.

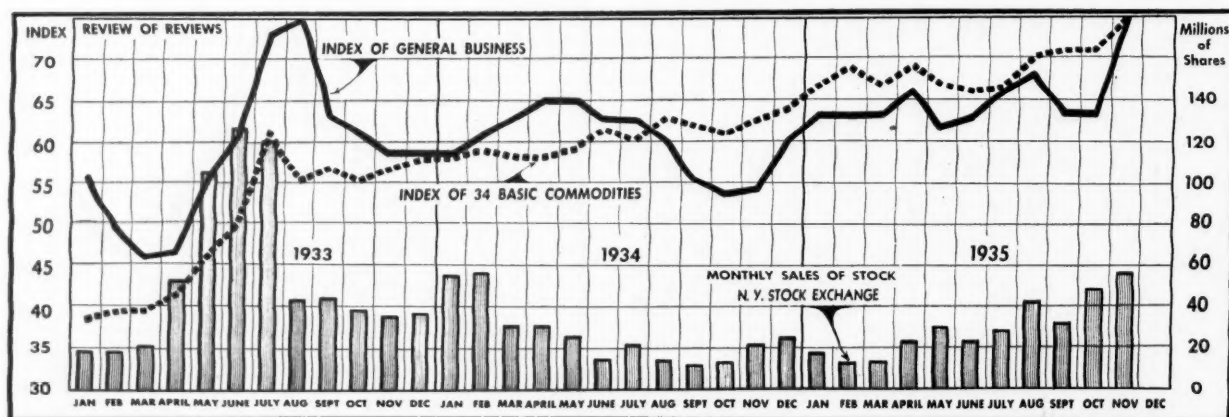
In spite of elaborate safeguards against inflation in the Banking Act of 1935, it is doubtful if these can check any vigorous inflationary outburst.

Relief and unemployment remain appalling problems with serious fiscal and monetary implications.

The braves of both parties are already whipping themselves into a partisan frenzy for the impending presidential campaign.

Fortunately the reform of big business and high finance has lost much of its vote-getting virtue. It is now possible that both parties may woo those whom they have but recently whipped.

All of this is sweet solace to the business man. He is returning from the wars. The new year promises to be generous in balm for his wounds.



RECOVERY

Commodity prices and general business, as measured by Review of Reviews indexes, have climbed to 75 per cent of normal. Even stock-exchange activity has reached a fair level.



Two Poses of Felix Frankfurter

FELIX FRANKFURTER'S YOUNG MEN

BY RAYMOND CLAPPER

The shadow of Frankfurter lengthens as more and more New Deal legislation reshapes America's form of government. A pen portrait of the "most influential single individual in the United States."

WHEN HE IS feeling particularly proud President Roosevelt likes to say that he has moved the seat of government from Wall Street back to Washington. But he never has been able to erase the widespread suspicion that many policies at Washington are dictated by remote control. The off-stage suspect is Dr. Felix Frankfurter, generally pictured as a mysterious but intensely active master-mind, hidden

within the precincts of Harvard Law School at Cambridge, Mass., pulling the strings to which the New Deal in Washington dances.

Recently this popular suspicion was fed anew by the charge of General Hugh S. Johnson that Professor Frankfurter has become the "most influential single individual in the United States" through a clever infiltration of borers from within, planted

at strategic points throughout the Government. These Frankfurter men, his former law students, are supposed to be guided in their official activities by the master's voice at Harvard.

Under the assiduous nurturing of Administration critics, the legend has grown until the Harvard law professor is now regarded by many as a kind of silent, composite reincarnation of Richelieu and Rasputin, hiding

under cap and gown, giving orders to Roosevelt to change gradually the American form of government into something alien. Sometimes sinister embroidery is added by pointing out that Frankfurter is foreign born and a Jew.

What a perfect symbol upon which to focus the dark prejudices and slumbering hatreds of politics—a professor, a Jew of alien birth! What the Pope was in the campaign against Alfred E. Smith, Professor Frankfurter may be in the campaign against Roosevelt.

White House Entrée

Legends often are a mixture of fact and fancy. So it is with the Frankfurter legend. It is not all fiction and it is not all fact. The lore of fancy is wrapped around a core of fact. Frankfurter does have the run of the White House. He does have the President's ear. He does have perhaps seventy-five to one hundred former law students working in the Government. New Deal legislation does bear the imprint of his ideas, particularly securities and stock exchange and utilities control statutes, to cite the enactments which have most irritated the anti-Roosevelt forces. Out of those facts the Frankfurter legend has been woven. The trouble is that the facts have been elaborated upon, whereas they need to be qualified to be seen in their true light.

It is correct that Frankfurter carries the keys to the White House in his pocket. That is, whenever he shows up at the front door, the doorman doesn't ask if he has an appointment. He walks in and makes himself at home. He lives as a member of the family, and is treated with the great consideration which an intimate of the President receives.

Also he is the object of the usual jealousies of the other presidential advisers. To them he is a bore, a somewhat pestiferous intruder, a kibitzer who gets in the way of the practical crew which is doing the day labor around the President.

Yet, despite the opposition which constantly presses upon the President, Frankfurter continues to be an exceedingly influential adviser and counsellor. His last big job was the backstage work on the utilities legislation. During that period, Frankfurter spent considerable time as a White House guest. Young Thomas Corcoran, the boy prodigy and Frankfurter protege who was so much in the limelight during that fight, actually was the leg-man for the Harvard master.

Frankfurter is supposed to have counselled the President in the famous answer to the Supreme Court's

NRA decision. Earlier, when the stock market and securities control legislation was projected, Frankfurter was called upon for help. He sent to Washington James M. Landis, his associate on the Harvard law faculty, his collaborator in several legal works, and probably the most brilliant student who ever came under his eye. Landis and Corcoran went to work, with Frankfurter as their counsellor, and prepared the legislation which finally became law. Landis is now chairman of the Securities and Exchange Commission which administers it.

But it is difficult, practically impossible until such time as the confidential correspondence and memoranda of this period shall have been revealed, to assess accurately the influence of Frankfurter in shaping New Deal policies. He is an extremely quiet worker. He uses the long-distance telephone and conducts voluminous private correspondence, but he does not make the mistake of so many New Dealers. Unlike them he seldom makes speeches, seldom writes for publication, never gives interviews, and scrupulously avoids attempting to interpret the New Deal to the public. He is strictly an inside worker.

Anti-Trust Man

Yet Frankfurter is not a 100 per cent New Dealer. A disciple of Justice Brandeis, he is more hostile to bigness than President Roosevelt. The graduated corporation tax, scaled upward to penalize size, which appeared in the tax proposal early last summer, is understood to have been a Frankfurter idea. It was out of line with other Administration policies which, notably under NRA, had tended to encourage size. Like Brandeis, he is suspicious of bigness; but he is at the same time conscious that the growing complexity of modern life imposes steadily increasing responsibilities upon government and calls for greater extension of government control over social and economic affairs.

Still, he regards these as technical matters, and conceives the problem to be one of implementing democratic government rather than changing it. He does not believe in government by experts. He says the expert should be on tap, not on top. Democracy, resting on popular education, is the basis of the American form of government and should, in Frankfurter's opinion, be preserved. But we have been so afraid of having the expert on top that we have been unwilling to keep him on tap. It would be fair to say that Professor Frankfurter believes the mainspring of American government is in the virtues and

ideals of the people, but that to these must be added intelligence.

In other words, Frankfurter is not a socialist, a communist, a fascist, or anything else except a believer in trying to improve the functioning of the form of government which we now have. There is nothing sinister, revolutionary, or startling about his views of government so far as they are known.

Frankfurter came into the Roosevelt circle as an expert technician and a supplier of experts. He was not a member of the brain trust which helped shape the Roosevelt policies during the 1932 presidential campaign and in the post-election preparation for assuming power in March, 1933. He had become acquainted with Roosevelt earlier, during the Wilson administration.

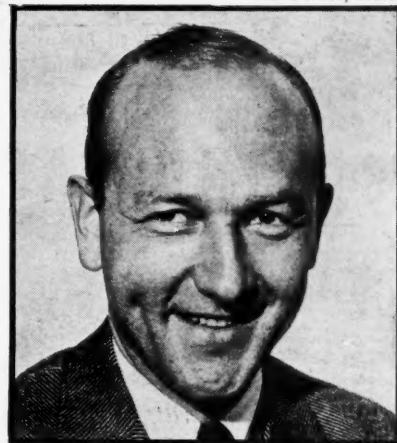
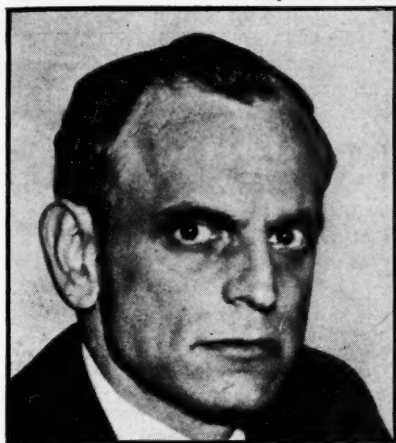
Born in Vienna, Frankfurter came to the United States at the age of twelve, attended the College of the City of New York, taught school for a year and was a clerk in the New York City Tenement House Department. Then he entered Harvard Law School, finishing with highest class honors. The dean of the school recommended him for a job. The job was under Henry L. Stimson, later to be Hoover's Secretary of State. Stimson, a Republican, was then United States district attorney in New York, engaged in a number of anti-trust prosecutions. Frankfurter became one of his rather large staff of legal assistants.

Served Under Wilson

When Stimson became Secretary of War under Taft, he took Frankfurter to Washington with him and made him law officer for the Bureau of Insular Affairs. This work brought him before the Supreme Court for the first time. Frankfurter remained on for one year under Wilson and then went to the Harvard law faculty.

When the United States went into the war, Frankfurter was called into the War Department by Secretary Baker and before long became chairman of the War Labor Board. In that capacity he came into frequent contact with Roosevelt, who was then Assistant Secretary of Navy and had charge of navy yards. Therefore Roosevelt had occasion to deal with Frankfurter concerning labor questions. There is no indication that they were particularly intimate.

Apparently the two had little contact until 1928, when Frankfurter became enthusiastic about the presidential candidacy of Alfred E. Smith. While Roosevelt was Governor of New York, Frankfurter went to Albany a few times. But when Roosevelt was nominated for President, he



"F" MEN

Outstanding Frankfurter men in high posts are (left to right) James M. Landis, new SEC chairman; Jerome Frank, of the RFC; and David E. Lilienthal, of the TVA; all notable.

called in Professor Ray Moley, who in turn rounded up Tugwell and some others, thus forming the celebrated Brain Trust. Frankfurter was not in the group. After Roosevelt was elected, he offered Frankfurter the post of Solicitor General, but it was declined. Roosevelt said he would need a number of good young lawyers, men who had ability but who would have to be content with small salaries. He asked Frankfurter to send him such men.

That was how the infiltration of Frankfurter lawyers began. For years Frankfurter had been sending his best graduates each year to serve as secretaries to Justices Holmes and Brandeis of the Supreme Court. These were one-year tours of duty and such assignments were eagerly sought, as they opened doors invariably to promising legal careers. While the number of Frankfurter proteges at Washington seems large, it must be remembered that the offices of corporation lawyers are also full of them. More Frankfurter students are corporation lawyers than New Deal lawyers.

So Frankfurter began sending in the names of likely lawyers. The Roosevelt program called for a good deal of emergency legislation, much of it pioneering in new uses of federal authority and a great deal of legal detail work was necessary. These young lawyers were used for that work, in considerable numbers. Only a few of them have achieved the prominence or the influence of Landis.

The more conspicuous so-called Frankfurter men include chiefly the following:

James M. Landis. When, in the spring of 1933, the Administration encountered difficulty in drafting stock-market-control legislation, Moley asked Frankfurter for a good man and Landis, then on the Harvard law

faculty, was sent to Washington. Later he was appointed to the Federal Trade Commission and then to the Securities and Exchange Commission, becoming chairman upon the retirement of Joseph P. Kennedy in the fall of 1935 and upon Kennedy's recommendation.

Jerome Frank, University of Chicago Law School graduate, who during the course of practice as a Chicago lawyer became acquainted with Frankfurter while on a trip east. They became close friends. When AAA was launched, Tugwell asked Frankfurter for an able lawyer of liberal inclinations and Frank was recommended. Frank in turn recruited a large number of assistants from the ranks of Frankfurter students. Some months later, after a period of friction with George Peek, then AAA co-administrator, Frank resigned and was made an attorney on the staff of RFC.

Well Represented

Benjamin V. Cohen. Sent to Washington by Frankfurter to assist Landis in drafting stock market legislation. Given nominal post in PWA.

Thomas Corcoran. Frankfurter protege, who had been employed as an attorney in RFC under the Hoover Administration. At Frankfurter's suggestion he was called to assist in drafting the stock-market legislation. Later he was used for general legal drafting and he served as the Administration's liaison assistant while the utilities legislation was in Congress.

David E. Lilienthal. After leaving Harvard law school he worked in the Chicago law office of Donald Richberg, was engaged by Governor Phillip LaFollette to reorganize the Wisconsin state utility commission, and with the joint endorsement of Frankfurter and Senate progressives was made technical member of the im-

portant Tennessee Valley Authority.

Calvert Magruder. Vice Dean of Harvard Law School, loaned for one year to be counsel for the National Labor Relations Board.

Nathan R. Margold. Appointed solicitor for Department of Interior.

Charles E. Wyzanski. Solicitor for Department of Labor.

Thomas Elliott. Counsel for new Social Security Board.

Another protege is Herbert Feis, economic advisor in the State Department; but he was there during the Hoover administration and is not included in the so-called "Frankfurter group".

Two of Frankfurter's recommendations went sour on him. He was largely instrumental in persuading Dr. O. M. W. Sprague, professor of finance and banking at Harvard, to return from the Bank of England where he had been on leave from Harvard as technical adviser at five thousand pounds a year. At Frankfurter's urging Sprague returned to the United States and became the Treasury's expert in handling the stabilization fund at a salary of \$6,000 a year. However, he was not in sympathy with some phases of the Administration's monetary policy. Doubts as to his loyalty to the Administration soon caused him to be ignored as an adviser. Finally he resigned, issuing a statement critical of the Administration, and returned to Harvard—where, years before, Roosevelt had been one of his many students.

Another appointment that did not work out was that of Dean Acheson as Undersecretary of Treasury. He was recommended by Frankfurter for a legal position but turned up in one of the most important fiscal posts, only to take issue also with the Administration's monetary policy and to resign after a brief estrangement.

(Continued on page 57)

BEHIND JAPAN'S AGGRESSIVENESS

BY C. T. REVERE

Bolder than Japan's emergence as a world power, measured by armies and navies, is her achievement of high rank in world trade. A story of patriotism and priests, as well as efficiency.

IN AN EFFORT to epitomize the moving forces behind the amazing industrial and commercial advance of Japan, a native economist recently put the case in this fashion: "The fundamental principle of Japanese industry is mutual aid and close contact with foreign countries."

For the puzzled Occidental competitor, this excursion into clarity merely piles bewilderment upon be-

wilderment. "Mutual aid"—for whom? He may think he understands the reference to "close contact with foreign countries," evidenced in the loss of trade through Japanese invasion of markets formerly held secure. But in attempting to interpret the philosophy underlying that terse Nipponese summary, he is hopelessly baffled. He cannot quite tell whether he is con-

fronted by delightful naiveté or by subtle Oriental irony.

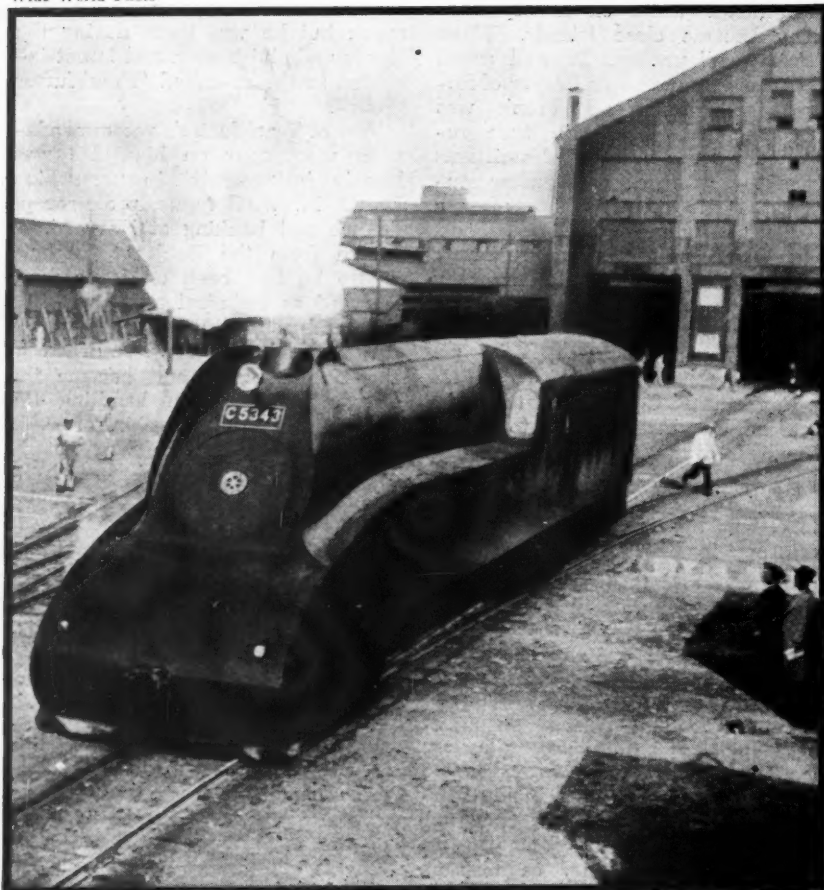
Before attempting to pass judgment on the correctness of this diagnosis, it might be well to present a thumbnail sketch of Japan's economic achievements. Here we have a country relatively poverty stricken in respect to natural resources, with a dearth of the essentials of productive enterprise. In many respects the position of Japan with regard to raw-material wealth is similar to that of Italy. In order to obtain the numerous requirements for production Japan has been compelled to build up her foreign trade. Her penetration of Manchuria, which will be an additional source of raw material supplies, is of too recent date to affect the thesis of the present discussion.

Since 1931 Japan's exports have risen from a value of 1,146,981,000 yen to 2,171,925,000 yen. The significance of this showing cannot be fully appreciated unless one bears in mind that during this same period overseas trade of the other great commercial nations has been in the throes of depression. Japan, however, has bought more than she has sold. Imports in 1934 were valued at 2,282,531,000 yen.

Of the commodities which made exceptional gains in exports between 1929 and 1934, inclusive, iron heads the list with an increase from 5,300,000 yen to 53,000,000, a gain of 900 per cent. Exports of woolen fabrics showed an increase of 610 per cent, machines and parts, 325 per cent; toys, 119 per cent; soap, 119 per cent. Rayon fabrics showed a gain from 1930 to 1934 of 225 per cent.

The total value of exports in 1934 becomes all the more impressive when one takes into consideration the fact that silk exports, owing to the fall in prices, had a value of only 286,000,000 yen, compared with 781,000,000 in 1929.

Japan's penetration of foreign



STYLE

Japanese industry, as this streamline locomotive indicates, keeps abreast of the Western World's models and methods.

markets has been largely through the distribution of products of light industries. In practically every field her products have pursued their conquering way with offerings at prices which competitors could not meet. Fabrics of cotton, silk and wool, hats and caps, paper, cement, glassware, rubber articles, brushes, soap, lamps, machines, toys, etc., have encountered an increasing demand year by year. Ceramic products in 1934 showed an export gain of over 100 per cent.

Textile War

The tremendous strides in the cotton textiles probably have attracted most widespread attention, due to the fact that older industrial nations such as Great Britain and the United States have felt severely the effect of Japanese competition, while American manufacturers fear Japan's invasion of the domestic field.

A brief survey of the gains made by Japan in the textile markets of India should prove strikingly illustrative. In 1913, exports of cotton cloth from England into India amounted to 3,104,000,000 yards. In that same year, Japan's sales to India amounted to only 9,000,000 yards. The ratio was almost 350 to 1 in favor of England. In 1932, Lancashire's shipments to India had dropped to 600,000,000 yards, while imports by India from Japan amounted to 645,000,000 yards. Parenthetically it might be stated that in this period of about twenty years, home production of cotton fabrics in India also has shown a remarkable increase.

It is hardly necessary to dilate on the anxieties of manufacturers in the older industrial nations, and the efforts they have made to meet competition overseas and even to protect their domestic markets. Tariff walls in numerous instances have been unavailing, and it has been necessary to resort to "gentlemen's agreements" whereby Japanese imports are placed upon what might be termed practically a quota basis. All this because Japan is able and willing to manufacture and sell an increasing variety of articles at prices older industrial nations, with their vaunted technological advance, are unable to meet.

In the disturbed economic conditions of the past few years all countries have attempted to guard their nationals against price depression through "dumping". When we use this term we mean, of course, that a nation is selling abroad at levels below production costs, generally aided by government subsidies.

So far as authentic records go, no charge of "dumping" has been made against Japan. She has fought her way into world markets through her

ability to produce at lower costs, and her willingness to sell at lower prices, than her competitors. There may have been occasions when profits have been pared to the limit, but the growth of industrial and commercial power gives evidence that the margin, in spite of the competitive level, has been satisfactorily ample.

There probably could be no more valuable contribution to economic enlightenment than to obtain an adequate answer to one question: How has Japan done this? No such claim is made for the present article, which attempts merely to touch the fringes of this most interesting problem. The subject must be approached from the standpoint of economic instrumentalities and methods, and above all due credit must be given to the *spirit*—one may even go further and say the *spirituality*—of these people.

At this stage it may be pardonable to make a brief excursion into an economic bypath, illustrative of Japanese foresight, industry, and resourcefulness. Mention has been made of Japan's domestic poverty in raw material supply. These imperative necessities are therefore obtainable only through foreign trade—exchange of products—or from colonies.

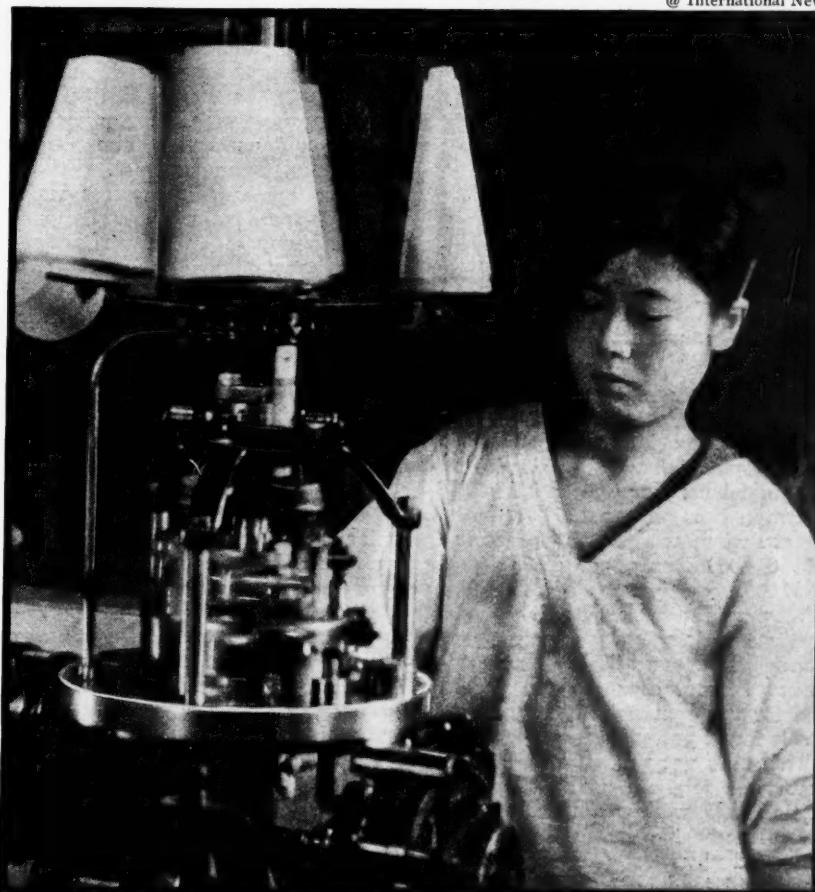
Nations having no colonies and unable to trade—to exchange their manufactured products for raw materials—are forced to resort to quotas, tariffs, and other trade barriers. Examples of this are found in Germany, Italy, France, Spain, and elsewhere. Many countries today find it difficult to obtain raw products for manufactures because they cannot trade.

Triumph over Obstacles

Japan began to solve that problem half a century ago, as if guided by some unseen power to meet the exigencies of a far-off world crisis. This island empire, with hardly a fertile acre to spare if it were to meet the sustenance needs of its teeming millions, began to establish its silk industry. It made sericulture merely a by-product of its agriculture. Japan's industrious farmers, toiling long hours in the rice paddies and truck gardens, found space for the mulberry tree; and the native farmers with their wives and children developed silk culture with the aid and encouragement of government.

What Japan has done with silk could have been done by some of the countries in Europe now prostrated

@ International News



CHEAP

The wage of a girl in this modern Japanese cotton stocking factory is one-fourth that of her American sister. Sweatshop?

by lack of buying power—i.e., ability to exchange their products for the things they need. Japan has not been forced to resort to the trade restrictions adopted by other countries. She has been able to trade her silk for cotton, copper, wool, in fact any raw material she needed. At times her exports of silk have approximated a value of half a billion dollars. In the late '80s Japan produced about 8,000,000 pounds of silk, a minor contribution to the world's needs. Now she controls the market in this staple commodity, supplying between 80 and 85 per cent of the world's needs.

In taking up some of the economic factors responsible for Japan's success, it is necessary to refer only briefly to the remarkable facility of her people for rationalization of her industry. The compactness of her organization in the buying of raw materials, their manufacture into finished products, and the selling methods that have enabled her goods to penetrate into all quarters of the world, is worthy of special study.

When Japan started on her larger industrial career her people were classed by sceptical western observers as purely imitative, and largely lacking in originality. Undoubtedly, a nation suddenly projected from an archaic feudal system into the world of twentieth-century technology would have some lessons to learn. However, anyone who clings to the theory that Japan is lacking in originality and inventive talent is utterly ignorant of her advance in the sciences. The textile industry of the Old World is nearly 200 years old, yet the most remarkable piece of textile equipment today, according to reputable authorities, is the Toyoda automatic loom.

Superior Equipment

Japan today has about 8,000,000 cotton spindles, and 300,000 looms. Its annual consumption of all kinds of cotton runs around 2,750,000 bales. Great Britain, with 50,000,000 spindles and 650,000 looms, consumes about 2,250,000.

Why this difference? It can be partly explained on the ground that Lancashire devotes her textile equipment to goods of finer yarn counts, and for this reason the yardage output is lower per spindle and loom.

This does not tell the whole story, however. England has 30,000 automatic looms, while Japan has 150,000. The Lancashire textile operative, protected by trade-union regulations, will tend only six looms. The Japanese operative will take care of fifty or sixty looms.

As a matter of fact, textile experts

of other countries are beginning to concede that much of Japan's growing preëminence in the industry is due to superior mill equipment. Obsolescence has made its inroads on other countries, and no small part of the cause for high production costs is due to the maintenance in operation of antiquated machinery. It might be recalled that a recent inquiry regarding the situation in the New England mill district disclosed the fact that some of the looms then in operation had been installed in 1885.

Profit from Defeat

Strange as it may seem, the modernity of Japan's textile industry has come as a triumph over what might have been considered in the case of a less resourceful people as irretrievable disaster. The earthquake in 1923, which laid in ruins some of the great Japanese mills, was grasped as an opportunity for modernization of textile equipment. When the mills were rebuilt they were furnished with the latest devices in every process of cotton manufacture, thus making it possible to cut production costs to an almost incredible extent.

All this is part and parcel of a general scheme of intelligent rationalization. A Japanese economist, in an effort to explain the remarkable advance of the overseas trade of his country, puts the moving causes into two categories: one, temporary or possibly circumstantial; the other permanent and fundamental.

In the first class he places such factors as the devaluation of the yen and the reduction in costs resulting from the installation of new equipment and the low wage costs. In the latter group he lays emphasis on the following: "Patience, effort, sincerity, and all the other virtues peculiar to the Japanese race, the power to acquire technique, the simple and plain way of living, and rationalization of industrial organization."

These temporary factors have about spent their force. Yen devaluation has been countered to a certain extent and can be fully offset by depreciation elsewhere. The advance in plant modernization cannot be regarded as an enduring advantage when other nations can do the same. When it comes to national character, however, we find a dynamic force that will continue assertive until decadence impairs its power. Of this the Japanese people give no present indication.

Broadly speaking, when we come down to the essentials of a nation's progress the controlling factors are not represented so much by material elements, such as natural resources and mechanical equipment, as by the

character of the people themselves. A number of years ago an astute foreign observer set forth the leading national traits of the Japanese as follows: "Frugality, physical endurance, a spirit of obedience ingrained through centuries of experience with autocratic control, altruism, or a mutuality of feeling proceeding out of family tradition, and last, but not least, a genius for detail."

Uninformed laymen of Occidental countries have found it difficult to understand the willingness of Japanese industrial workers to accept wage scales incomparably lower than those of Europe and America. When we look beneath the surface of obscuring incidentals, we find two explanations for this attitude. One represents a combination of economic factors along with national habits and social customs. The other derives from the spirit of the people.

It is true that money wages are relatively low in Japan, but it cannot be said that in terms of satisfactions they afford an unfavorable contrast with the wage returns elsewhere. Several years ago Mr. Charles K. Moser, who later became chief of the Far Eastern Section of the Bureau of Foreign and Domestic Commerce, in our Department of Commerce, went to Japan to make a study of the cotton textile industry. Mr. Moser at that time reported that the average daily wage of all male employees was 2.09 yen, or the equivalent of \$1.04½ at the rate of exchange prevailing at that time. In addition, male employees were given a semi-annual bonus of 164.77 yen, or counting twenty-six work days per month, 1.55 yen per day. Thus the average daily wage of a male employee amounted to 3.64 yen, or \$1.55.

Youthful Labor

The female operatives greatly outnumber males in the Japanese mills, and are mostly daughters of peasants recruited from farming districts. They enter the mills at from 14 to 17 years of age, and their average tenure is about three years. They then leave to get married and only rarely return to services at the mills. As a result of this process, Japanese labor is constantly recruited from youth, a condition far different from the mode in other countries, where employees frequently reach a fairly advanced age.

At the time Mr. Moser made his investigation, the average earnings of a female employee were 1.55 yen per day. She is charged, however, 15 sen per day for her food, the actual cost of which is 45 sen, or 30 sen more than she pays for it. Actually, therefore, the wage at that time was

1.85 yen per day. In addition to this, there was a semi-annual bonus that brought the actual pay of a female employee to 2.06 yen per day.

Since the time of Mr. Moser's investigation—in 1930—wage rates of female employees have been reduced. They now range from 23½ cents to 33 cents per day. The reduced wage scale, when expressed in terms of dollars or pounds at the current rate of exchange, may be ridiculously low. This is what has caused such a stir among foreign critics. However, the important thing to be kept in mind is that in Japan a yen is still a yen, with no material impairment in its purchasing power.

Standards of Living

There has been much discussion of the Japanese standard of living as compared with the Occident. On this point Dr. K. K. Kawakami had the following to say in the April, 1934, issue of *Foreign Affairs*:

"The truth is that there is no higher or lower, no superior or inferior, standard of living as between Japan and the West. The question is simply one of difference. Transplant a Japanese mill-hand to Lancashire, give him an iron bed with a soft mattress, put him on a ration of bread and butter, beefsteak, coffee and cream, and he will go on a strike, demanding Japanese bedding spread on a matted floor, and a ration of fish, rice and vegetables which, to him, are more palatable and wholesome. It is the misfortune of the British or American that his standard calls for higher-priced materials than the Japanese, that is all."

To the average Western mind, the acceptance of low wages and prevailing living standards by Japanese workers is more or less of a riddle. Such a view does not take into consideration the offsets in the form of rationalized welfare undertakings so widespread throughout the island empire. The female textile operative undergoes no hardship in the task assigned to her. Her standard of living in the cotton mill represents a distinct advance, both economically and socially, over the conditions in the rural district from which she comes.

My old friend Arno Pearse, former secretary of the International Federation of Master Cotton Spinners and Manufacturers Associations, did much to dispose of the bogey of coolie labor when he gave his observations of conditions in a typical Japanese mill. Describing the dormitories for the female operatives, he said:

"Each room is provided with the usual alcove, the most distinguished

place in every Japanese room. There will be found a little altar, books, and writing materials. There will hang a Japanese scroll-picture, or the portraits of the Emperor and Empress. Fresh flower decorations are placed in every room. Scrupulous cleanliness and tidiness reign supreme in the dormitories. . . .

"The welfare work undertaken by the Japanese mills calls for the admiration of anyone who takes the trouble to investigate it impartially. About 80 per cent of the operatives live on the premises, and two hours are daily devoted to schooling. Not only is the ordinary school curriculum provided, but practical subjects and even ethics are taught."

Foreign critics are prone to ascribe the complacency of Japanese labor to ignorant subservience. This impression is grossly at variance with the facts. No country in the Western world has made greater cultural strides than Japan in recent years. It may be surprising to many to learn that more books are published in Japan today than in any other country in the world. Every opportunity is given the employees for cultural and social betterment. In the case of the female operatives, the percentage of illiteracy has been reduced to a minimum. The girls can read and write before they take up factory work. When they come to the mill, they are put through a scheduled regimen of mental and moral training, and prominent in the curriculum is the course of lectures on mutual love. Training is organized by the Japan Cultural Association, in which membership is open to all operatives in sympathy with its purposes.

Labor Troubles

In setting forth this general aspect of unity, there is no intention to depict a paradise blithely free from discord. It will be recalled that along in 1932 vigorous steps were taken to suppress communist outbreaks, and it might be stated that these were sufficiently extreme to achieve their purpose. The incident, in spite of the severity of the measures, was not without its tinge of humor. The Nipponese intelligentsia are not greatly unlike the indignant intellectuals of other countries. In the case of Japan, however, these agitators did not find it particularly difficult to adopt new concepts so long as they had an opportunity for vociferous display. The following formal statement gives testimony of the apostasy:

"We are firmly opposed to both the formal internationalism based on either adherence to the Soviet Union or the Comintern following and the chauvinistic bourgeois na-

tionalism of the fascists, and are convinced that nothing but one-country-socialism constructed on the equal rights of the Japanese, Formosan and Korean races is the way to the realization of a future totalitarian society."

A Japanese commentator referring to this recantation made the following observation: "As seen by this, they (the intelligentsia) have reached a recognition of the uniqueness of our state and people, and there have since appeared a number of followers who are labeled Tenkosha or retractors, meaning those who have abandoned their communistic principles. The literary men among these followers who had accomplished active creative work as proletarian writers have begun to find a new field of literary work as retraction writers, as they are generally called."

It is difficult for the peoples of Western nations to comprehend even slightly the scope and intensity of Japanese solidarity. Herein is where we find the fruits of the doctrine of mutual aid so strongly emphasized in the Japanese social and political code. Its ramifications extend from the Emperor down to the lowest element in Japanese society. It is ingrained in customs and sanctified by an emotion approaching the religious.

It might be stated in passing that government in Japan, while able to exert the most autocratic power over all activities, contents itself with a co-operative encouragement that provides an enormous stimulus to private enterprise. In no recorded case has it employed its authority to castigate or restrict the productive units that have done so much to advance the economic status of the country.

On the other hand, the claims that Japanese enterprise has derived one of its main impulses from government subsidies appears to be utterly baseless. The entrepreneurs have been quite able to take care of themselves without government aid. Dr. Kawakami asserts that government subventions, in their total, amount to no more than \$10,000,000 a year, and half of these are allocated to the merchant marine.

Buddhist Opiates

No clear conception of the spirit behind the activities of Japan in all fields of endeavor could be obtained without a knowledge of the part played by the recent movement which bears the name of "The Revival of Religions". The zeal for national unity has been fired to a great extent by the activity and participation of the Buddhist priesthood. Buddhism in its essential principles has

(Continued on page 56)

THAT BURROWING BEAN

BY JO CHAMBERLIN AND HARRY SHAW

Pertinent facts and figures on the nut which is not a nut, and how the AAA is endeavoring to help the peanut industry. Growers cheer but marketers howl. Peanuts may yet become a taxed luxury.

SUPPOSE YOU ARE an average person who has invited a few friends in for an evening of bridge. You decide that they should have some nuts to nibble on, so you hie yourself down to the store beforehand.

A year or so ago you could have bought a pound of peanuts for 10 cents, or a pound of cashew nuts for 80 cents. So you bought the peanuts. Today in the better retail shops you pay 30 cents for peanuts, or 40 to 50 cents for cashews. So, economy no longer being the national watchword, you buy the swankier cashews.

A simple matter, this transaction, but it is giving the New Dealers headaches. The peanut, like the potato, is under an AAA control program to boost prices for some 90,000

growers in our southern states. Two years ago the grower received about 1½ cents a pound for his peanuts. Today he will get about 3¼ cents, and the AAA hopes eventually to give him 6.2 cents, a parity price.

One flaw is that although the plan helps the grower, the marketer gets a host of new worries because of competition resulting from price increases. Cashews, for instance. To keep the edible peanut market up, more peanuts are being diverted into peanut oil, with growers and processors receiving payments from the AAA for so doing. But the high price of peanut oil puts it at a disadvantage in competition with other vegetable oils such as coconut oil. Therefore a 3-cent excise tax was placed on coco-

nut oil—only to put a good many Filipino coconut growers on the dole. It is all very complicated and controversial. An industry which most people would think a rather simple one is really quite involved.

The plight of the peanut distributor was amusingly brought before the public last year in headlines. A Greek gentleman named S. Zassillakos had sold peanuts from a gaily decorated wagon at the corner of the White House grounds for a quarter of a century, and among his customers were many of the political great. The traffic experts decided, however, that his pushcart was in the way, and that he must move it elsewhere. Almost immediately after the story broke in the newspapers, Mrs. Roosevelt sent a note to the President: "Must this man go?" The President said, "No!"

A fine outlet for the peanut grower was thus saved by executive fiat, but this stirring victory was hardly enough to put the industry back on its feet after the slump, and Chester Davis' men are working long hours today in its behalf. The AAA points out that peanut prices are double what they were, and modestly takes the credit. The majority of the farmers are for regulation, even if the marketers are not. But assuming that the crop can be controlled (leaving aside for the moment any basic economic questions such as restriction versus abundance) there are still many marketing problems to be solved.

Truth is that most people never think of the peanut as having much swank. Proud pecans and pistachios, fat and prosperous brazil nuts, almonds, and even the essentially effeminate filberts all rank higher in the social scale. The peanut has come up in the world, but he still has a long way to go. The smaller margin of profit in peanuts, because of lower

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GOOBERS

If the 1935 peanut crop had been equally distributed, each one of us would have received ten pounds.

prices, has a good deal to do with the disdainful attitude of the nut dealers. That and the fact that the peanut is an every day sort of fellow, and it is always hard to sell anything democratic in a democracy.

The peanut, or "monkey food", has suffered considerably from monkey business. Many a person thinks that he does not like peanuts, when the truth is that he does not like stale peanuts. Peanuts in the shell, for instance, are good only for a day or two after roasting, even if kept at proper temperature. In the ordinary street vendor's cart they may be alternately warmed and cooled for more than a week.

Salt Is Cheap

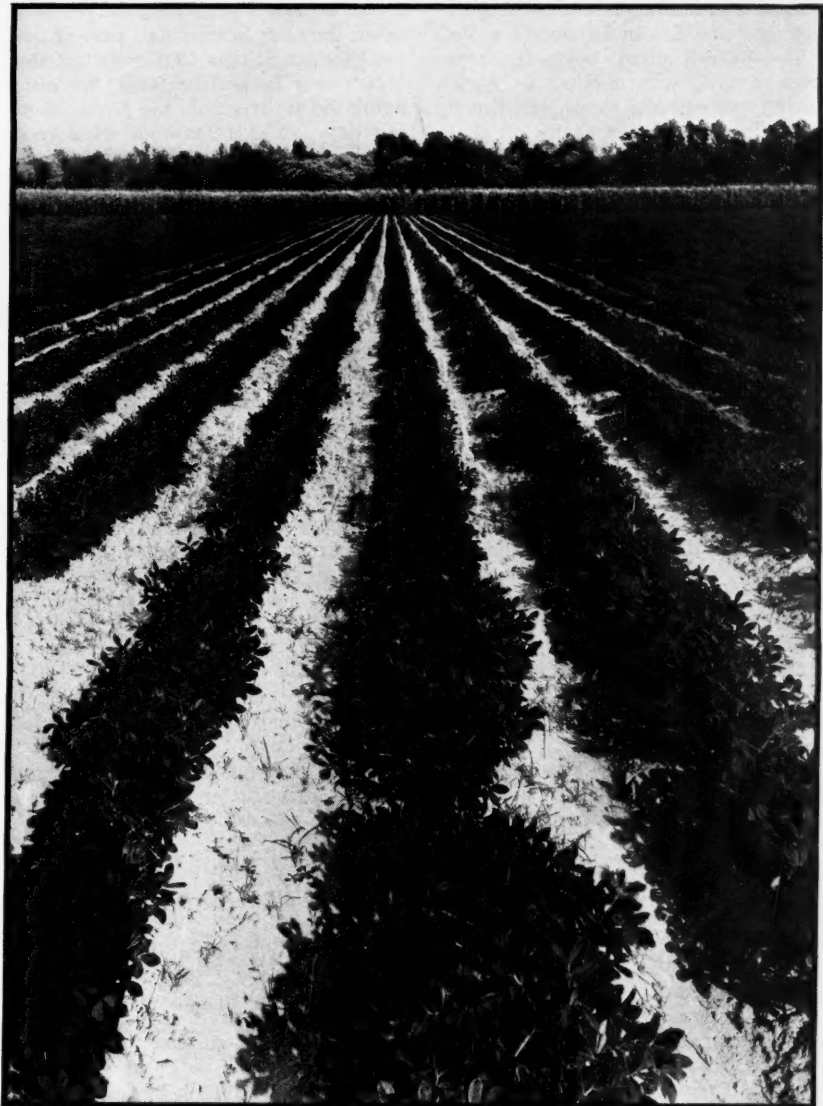
Ordinarily one does not get the best grade in the machines that sell loose peanuts, for the reason that a small, even-sized peanut must be used to get through the machines. Usually Spanish type peanuts of mediocre quality are used; and they may have been in the machine for days and days. Also, salt is cheap and you get a lot of it. Sometimes high-grade peanuts are adulterated with lower grades.

The wise thing to do is to buy peanuts at a store where one is confident that they are fresh, or to buy them only after sampling. The taste test is the only real way of knowing what one is getting. It is nearly always good to buy when a department store or large drug store puts on a peanut sale as a "leader", for then the nuts have been procured on special order.

The peanut is not really a nut. It is a vegetable, belonging to the bean family. In the South it goes under the lowly names of *goober* or *pindar*, and elsewhere as *monkey food* and *ground nut*. None of these terms, as any advertising man will tell you, has much sales or sex appeal.

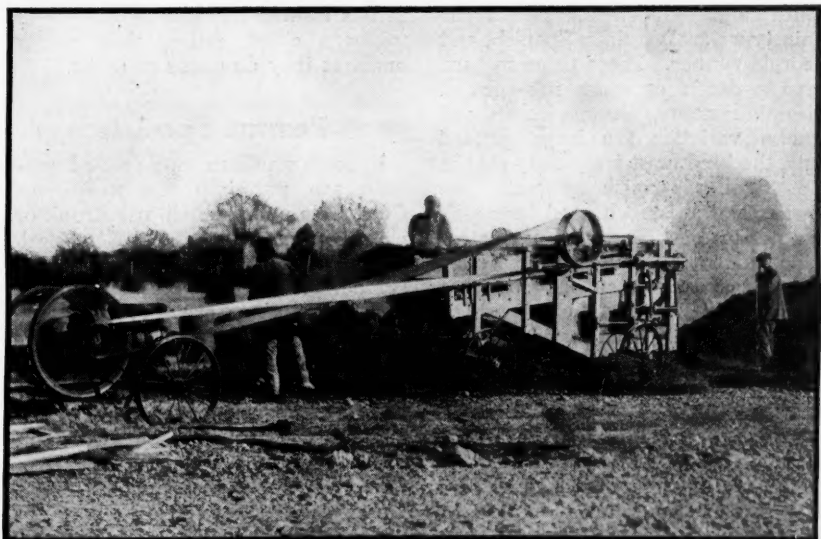
Even so, the peanut has an interesting personality. He is often called the burrowing bean, because after the flower fades the plant stems bend over from a height of about eighteen inches and, like an ostrich hiding his head, bury the pods in the ground to mature. In the late summer and autumn the nuts are thrown out of the ground with a digger, and then dried in piles or stacks for four to six weeks. Threshing machines remove the pods from the vines.

Then most of the hard-pressed small growers or share-croppers rush them off to the local mill for processing. Larger growers are not in such a hurry and canicker for better prices. Peanuts are usually cleaned, polished, powdered, and assorted before leaving the mill, and get con-



VIRGINIA

After the peanut plant blooms, the stems bend down, ostrich-like, and bury their pods in the soil to mature.



HARVEST

In autumn the vines are dug and dried, threshed for the pods as pictured, or fed as hay to the livestock.

siderable grooming before making the supreme sacrifice in someone's gullet.

The peanut plant originally came from Brazil, was carried to Africa during our colonial times, and thence arrived in the United States on slave ships. Before the Civil War the peanut was little known outside of Virginia, North Carolina, and Tennessee; but when the Union troops went back to their homes they took along with them a liking for peanuts.

Production for 1935 was indicated on November 1 at 1,280,000,000 pounds, or 20 per cent above 1934's 1,063,000,000 pounds, and 36 per cent above the 1928-1932 average of 938,880,000 pounds. The average yield per acre in 1935 is estimated at 756 pounds, which can be compared with 677 pounds for 1934 and 707 pounds average for the period 1923-1932. The total production figure of 1,280,000,000 pounds for 1935 does not include the very substantial acreage cut for hay, grazed or plowed-under. It does represent about 1,800,000 acres whose nuts were gathered.

Enormous World Crop

Our United States production is still less than one-tenth of world production, some 70 per cent of which comes from Asia and about 20 per cent from Africa. The peanut is essentially a tropical plant and grows only in our southern and southwestern states. About half the domestic production comes from the three states of Virginia, North Carolina, and Tennessee. The other half, almost, comes from South Carolina, Georgia, Florida, Alabama, and Mississippi. About one-tenth of the whole comes from Texas, Oklahoma, and Louisiana.

There are a large number of grades and types of peanuts grown in the South and Southwest. The three main types are Virginia, Spanish, and Georgia runner. These three in turn have a dozen or more sub-species. Virginia runners, Virginia bunch, and Jumbo varieties are large podded nuts, the kind most frequently sold in the shell. Spanish peanuts are smaller and are much used for candy and peanut oil. Size does not determine quality, although Virginia runners are considered superior by most people. Spanish peanuts are perhaps the most widely distributed type in the South. The Georgia runner is a large podded peanut often substituted for the Virginia in peanut butter and candy. The term Jumbo is both a variety and a grade which includes all large nuts of the Virginia type. The term is no criterion of quality for the buyer.

To many people peanuts are just peanuts, to be eaten at the ball park,

circus, or zoo. Fact is that the peanuts eaten thus are but a small part of the total output. Some 45 per cent of the crop never leaves the farm, the nuts being fed to livestock, the plants used for hay. The remainder goes into oleomargarine, shortening, salad oil, soap, and nuts for eating. In years gone by, peanut oil was used as a lubricant on railway locomotives in the South and in the cotton mills. It is still used to light the lamps of China.

At the ball parks peanuts sell well throughout the entire summer, but they go better on cold days. More peanuts are sold at ball games than at other sporting events. The time of day has something to do with this, for a man craves something to hold off hunger until supper time. The late Harry Stevens, often referred to as the man who parlayed a peanut into a million dollars, long wondered why peanuts, by making one thirsty, didn't stimulate the sale of pop. He discovered that the fans disliked to tilt the head to drink out of a bottle, because they lost sight of the play. He furnished straws, and sales of pop went up.

Nobody buys peanuts at racetracks because most racing people bet. They have a race card in one hand and a pencil in the other. Shelling peanuts requires two hands. Hot dogs can be eaten with one. Peanut consumption has picked up tremendously at football games in the past two or three years, but no one knows why.

In the South a popular form of rural entertainment is "pindar boiling". Gallons and even bushels of peanuts with the hulls on are boiled in very salty water in large iron pots. The peanuts are served hot and soft, and are much liked during the fall and winter months. Sometimes small Negro boys hawk peanuts prepared in this fashion through the streets of southern cities, calling their wares much as they do clams or crabs.

Peanut Specials

In some southern towns salted peanuts are put into the ubiquitous Coca-Cola and (so help us) drunk or eaten simultaneously. In New York City, just so you will not think southern folk are the only crazy ones, creamed peanuts are served on rice in goofy, expensive restaurants. Peanuts are eaten in about the same amounts, proportionately, all over the country. Chicago seems to eat more than any other city, but what the reason is we really don't know. Even the presence of large candy manufacturers fails to explain it.

Ordinarily, shelled and salted peanuts sold in small bags are not really roasted, but are made tasty by what

amounts to frying or boiling in a good grade of vegetable oil. If they were shelled and then roasted in regular ovens, as are unshelled peanuts, they would become too dry.

Peanut butter, because of the low margin of profit, is not a great money maker for the food companies. The truth is that the manufacture of peanut butter is frequently a local enterprise. The method is so simple (grind roasted peanuts and add 1 to 4 per cent of salt) that almost anyone can engage in its preparation. Large food companies cannot meet the lower prices of local dealers, because of freight rates, advertising, and the expense of glass jars.

Oddly enough, peanut butter came into use about twenty-five years ago as a food for invalids. It is difficult to get a consistency that is neither too dry nor too oily. Different kinds of peanuts, with varying degrees of oil content, are usually blended together. One enterprising man recently obtained a patent on adding honey to peanut butter, ostensibly to keep it from cloying.

Even though it will stick to the roof of his mouth, the average American insists on eating nearly a pound of peanut butter a year.

Probably close to 300,000,000 pounds of peanuts are used every year in the manufacture of confections such as peanut bars, peanut brittle, sugar and chocolate coated peanuts, and crackers of various sorts for sale at soda fountains and in delicatessen stores.

Peanut-oil production in this country really began when there was a demand for margarines, lard substitutes, and vegetable oils to supply glycerin for explosives. Pressing is not a difficult process, and many cotton-seed crushing plants work on peanuts in the off season. As a matter of fact, the Government has tried to get some 100 per cent cotton farmers to diversify by raising peanuts.

The boll weevil's ruinous effect on cotton caused many southern farmers to switch to the peanut, which is practically free from plant diseases and insect pests. Some years ago this change-over resulted in a great stir of activity and prosperity around Enterprise, Alabama. The citizens voted \$3,000 for a public monument with the inscription: "In profound appreciation of the boll weevil and what it has done as a herald of prosperity, this monument is erected by the citizens of Enterprise, Coffee County, Alabama".

Most peanut oil is combined with other vegetable oils to make oleomargarine, shortening, candles, soap, and salad oils. It is often used to cook sardines, because it will stand
(Continued on page 62)

THE SOUTH IS STILL SOLID

SIX EDITORS RENDER A REPORT

Cotton plantations and cotton mills; tobacco farms and cigarette factories. These major enterprises of southern citizens have prospered under the New Deal. And federal relief money is abundant.

REPUBLICANISM asserted itself in every line of interpretation published here last month, from the pens of New England's leading newspaper editors. Statesmen at Washington had not had New England in mind when framing novel legislation. There had been some slight advantage to New England farmers in the results of tobacco and milk regulation, for example, and very much damage to New England mills when AAA raised the cost of domestic cotton above world levels.

But Democracy rides in the saddle this month, as we present the views of southern editors regarding national affairs and policies. The South has reason to like the New Deal. We pointed out last month that all six states of New England, combined, had drawn \$1,000,000 in AAA benefits during 1934. But Mississippi alone drew almost \$16,000,000. Alabama, Georgia and North Carolina each drew more than \$12,000,000. South Carolina was not far behind.

Only Virginia, among the six southern states under review here, was treated meagerly by the Democracy at Washington; and yet even Virginia's AAA benefits were more than twice those of all six New England states combined.

There is an engaging frankness in the comment of these southern editors. A presidential election is in the wind, and their thoughts run to politics. Besides, state and local governments, as well as individuals, find their every-day lives directed largely from Washington these days. The citadel of state's rights, undermined, seems to be content to bask in the golden sunlight of New Deal blessings.

"It is humanly impossible to defeat \$4,880,000,000," quotes one of our southern editors. "The South is in the saddle . . . but it doesn't know

where to ride," is the comment of another. A third writes: "Even if this state were rock-ribbed Republican it is difficult to conceive—in view of manifold and concrete benefits received—that it would not support the Democratic presidential ticket."

Yet these six southern states and perhaps three of their neighbors, Democratic since the carpet-bag days that followed the Civil War, offer any normal Democratic candidate more than a third of the electoral votes necessary for a clear title to White House occupancy.

Last month a Republican section of the country, this month a Democratic section; perhaps next month we shall tap the opinion of debatable ground.

VIRGINIA

By DOUGLAS SOUTHAL FREEMAN
Editor, Richmond News Leader

THROUGHOUT the depression, Virginia has had less unemployment and less acute suffering than any of the states with perhaps three exceptions.

This has been due primarily to the diversification of her agriculture and to the nature of her urban industries. Although more than half of southside Virginia is devoted to growing tobacco, the state has not had to endure the thralldom of one-crop economy. She has no very large city where the shut-down of a single factory might put 5,000 men on the street. Richmond's greatest manufactured product is cigarettes, for which there has been a sustained market. The seaboard cities have had much work in the shipyards.

Federal crop-control undoubtedly has been a third factor in relieving the depression in Virginia. The basic theories of AAA have not been accepted without reservation by a majority of the Virginia farmers, who

are essentially individualistic and have never made a success in the past of any long-continued and large-scale system of coöperative marketing. They may doubt the wisdom of AAA now, but they gratefully cash its checks.

Fiscal conservatism has contributed to relief. Most Virginia counties and cities have cut their tax-rates. The state government has lived within its revenues and probably will end the fiscal year without a deficit.

Behind these four factors has been a fifth—the memory of old adversity. If it be true, as many visitors affirm, that Virginians have accepted hard times with stoicism, it must be in part because they realize that their woes are less than those of their fathers in the years after the war between the states.

Virginia is recovering fast. Most of her industries are operating full-time, with larger payrolls. The tourist trade, which last year brought \$73,000,000 into the state, promises to be even better in 1936. Barring some new world-calamity, there is no reason to doubt the emergence of Virginia from her distresses.

Beneficiaries of federal relief and recipients of AAA payments support Mr. Roosevelt, and to that extent can be said to endorse the New Deal. Most of the political leaders of the state, as well as the industrialists, regard the President as radical and extravagant; but the business men have no candidate to offer against him, and the politicians, were they bold enough to oppose him openly, would consider a denunciation of the New Deal a repudiation of the Democratic party.

The state's delegation to the Democratic national convention probably will be instructed for Mr. Roosevelt. A popular Republican candidate for the presidency will receive a good vote from the conservative, well-to-

do element, but Mr. Roosevelt will carry the state.

Trouble-hunters might as well look elsewhere: there is nothing in Virginia to excite or invite them.

NORTH CAROLINA

By JULIAN S. MILLER

Editor, *Charlotte Observer*

STRONG AND MILITANT minorities in North Carolina are out of step with the advanced democracy of their national leadership, but the composite mind of the state remains faithful to party traditions and strings along with the Administration.

Disaffection within the Democratic ranks of the state can be located by the noise being made. It exists largely among select groups, in the main segregated to offended business and industrial and financial classes. Among such the apostasy runs all the way from embittered denunciation of the New Deal to cautious reluctance and a vocal skepticism toward a national program, under Democratic auspices, which cuts deeply across the ingrained political and economic cultures of the Old South.

Being, however, a commonwealth in which crowd-consciousness prevails and has its way at the polls, dominating the political complexion of the state, North Carolina is apparently in no danger of repeating the historic precedent of 1928 when it gave its electoral vote to Hoover.

While North Carolina—the New England State of the South and therefore more ownership-minded than its neighbors in the southern confederation—has its powerful and impressive industrial leadership, such has never been in control of its political destiny. Domination rests largely with its agrarian citizenship, which centers in the eastern half of the state. Its manufacturing empire covers only a limited area in the piedmont counties.

This small numerical minority furnishes the state the preponderance of its entire wealth-creation, and therefore its taxable support. But the agricultural kingdom controls its political decisions.

This agrarian population of North Carolina is intensely, almost fiercely, partisan. It wears the Democratic label with a loyalty that amounts to a passion and seldom asks questions. In the present equation this citizenship is subscribing to the New Deal with noisy elation.

Not only is it being moved into this position of fidelity to the present national Administration because of old labels and loyalties to party banners, but also because of a dollars-and-cents evaluation of AAA

policies. North Carolina farmers are not arguing as to the origin of their prosperity. In their opinion it came by reason of, and not in spite of, governmental assistance and subsidy.

With cotton and tobacco constituting the two major cash crops of this controlling rural population, and with both of these lifted into higher and more profitable price estates, North Carolina planters go along with Al Smith, at least to the point of exclaiming that nobody ought to shoot Santa Claus.

Only two States in the American commonwealth rank above North Carolina in value of farm products: California and Texas. Last year, it led all others in percentage of increase in such values. The result is that tax receipts, cancelled farm mortgages, and bank deposit slips all are being exhibited on its farms, none of which has been in hand since 1929. That innovation has turned the state's farmers into crusading evangelists for the agricultural New Deal.

But apart from this strongly-sanctioning majority, the Democratic party in North Carolina has been rapidly losing faithful and good soldiers and failing at the same time to recruit to fill up the gaps created by the anti-Roosevelt offensive. A few class-groups are both vocally fearful and fearfully vocal.

Even these may admit that the motif of the New Deal is wholesome, defensible, and desirable, but they are contending that its mechanics is mischievous. If they grant that New Deal policies strive for a more social-minded economy, they nevertheless insist that such a worthy objective should be reached by more orthodox agencies and by roads dotted with old-fashioned sign-posts.

North Carolina is neither brutally feudal nor Bourbon in its approach to the issue of a surer, safer, sounder, saner, and more humane social, political, and economic national order. Only rarely is a Tory to be found who fights back from his citadel of privilege against the currents that sweep American civilization toward higher ground. The state applauds the humanitarianism of the New Deal, its wise ethics and its intelligent selfishness, but it is pausing ever and anon in its sobering judgment to take inventory of its applause, and going off by itself to wonder about it all.

For North Carolina is a state that abhors sentiment for a federalized political management. Its more thoughtful citizenry, including even its agrarians and others in direct line with the benefits of governmental subsidy (once these are divorced from a pocket-book appraisalment and partisanry) are not yet con-

vinced that the traditions of the past as to self-government are obsolete, or out of place, or ought to be junked in this advanced era.

SOUTH CAROLINA

By WILLIAM E. GONZALES

Editor, *Columbia State*

SOUTH CAROLINA awoke four years ago with a bad headache.

The depression had forced the Legislature to face realities, and one of those was an overdraft of around seven million dollars. Falling revenues were accompanied by warnings from farmers that they would stand no more taxes. Appropriations were slashed and salaries cut. Half the income from taxes on real estate was set aside for the amortization of the deficit. For the first time in a third of a century the state came to live within its income. Good financing and refinancing strengthened the state's position. Every obligation has been met in full or provided for, and the state's credit is excellent.

But a small part of the cost of appropriations by the Legislature is borne by real estate. The levy for state purposes is only five mills, and that is laid upon assessed values averaging below 25 per cent of real values. The burden on land is from taxes for county governments, but the farmers persist in charging the Legislature with all tax bills.

While proponents of a general sales tax have never been able to make headway, special taxes on soft drinks and tobacco in all forms now seem to be fixtures. These, with the income tax and revenue from the sale of liquor, keep the budget balanced.

The heavy tax on gasoline—six cents a gallon—is the tax probably most cheerfully paid. This revenue goes to the highway building system and those who pay can see the results. Despite Governor Johnston's war on the personnel of the highway department, the work of that agency has provided a system of roads in which the people take justified pride.

What of South Carolina and the New Deal? Probably no state has received, relatively, greater direct and related benefits. Under the NRA the cotton mills, from which more than 20 per cent of the white population draws support, ran full time and paid better wages. Except for the normal community-chest activities in a few cities, the federal government has borne the total burden of relief.

There were here the same frauds, abuses, impositions that were common elsewhere; an inevitable condition when there is no trained and established organization for investigation, or time to investigate.

With mortgages overdue and cotton selling at five cents, the farmer was in desperate condition. Cotton prices were advanced and thousands of farmers were saved through assistance given by government agencies.

What of society security? South Carolina has thought little about it. Last winter, after years of contest, a good workmen's compensation law was enacted by the Legislature. Old-age pensions are favored "in principle". When it comes to appropriating a million or two to match federal provisions, there will be opposition from the taxpayers.

It might be assumed that the people of any cotton-producing state would be acutely concerned in foreign trade, since there cannot be normal cotton production at fair prices without heavy cotton exports. But neither people nor Congressmen in South Carolina can be persuaded to delve into the perplexities of that subject.

Politics? It must not be assumed that because South Carolina, voting with perfect freedom, would be overwhelmingly for the nomination and reelection of Roosevelt, the Administration is without criticism. Criticism is remarkably free and unrestrained. One of the most important daily newspapers of the state has almost daily adversely criticized New Deal policies; some weekly newspapers are critical. In any gathering in any club will be found men opposed to the New Deal and expressing themselves. Heavy beneficiaries of one New Deal measure will disapprove of some other measure. But in discussions there is no heat.

President Roosevelt has not engendered that degree of personal enthusiasm which might have been expected, and which was marked in so many of the supporters of Woodrow Wilson. Perhaps hero worship is decadent. But the sentiment here is that, whatever mistakes have been made, he saved the country from a revolution in which the eastern and mid-western sections would have been the chief victims. With all its faults, South Carolinians stand by the New Deal and hope for modifications and improved policies.

MISSISSIPPI

By FREDERICK SULLENS

Editor, Jackson Daily News

MISSISSIPPI, essentially an agricultural state, with 89.7 per cent of its population rural, about equally divided between whites and blacks, is standing squarely behind the New Deal.

Mississippi will continue to do so, especially if federal money continues to come this way.

Mississippi, most thoroughly Dem-

ocratic state in the Union, where all precincts vote almost solidly for the party presidential nominee—regardless of who he may be, or whatever the issues—has been highly favored by the New Deal.

Mississippi, proportionate to population and actual needs, has probably received a larger percentage of federal funds for various purposes than any other state in the Union—thanks mostly to the influence and activities of Senator Pat Harrison, Administration leader and New Deal champion.

Not until December 1, when the federal dole was cut off, did Mississippi spend even a thin dime for work-relief or direct relief. There is now being disbursed for unemployed \$700,000 appropriated at a special legislative session, estimated to be enough to take care of 31,000 unemployed for a period of four months. It was hard to convince the lawmakers that the WPA Administrator Harry Hopkins was not joking when he said that no more money for any form of direct relief would be allotted to this state.

Since the beginning of the New Deal, Mississippi has received more than \$45,000,000 for direct relief. This was up to the time a shift of program was made at Washington and the spending of \$4,880,000,000 was divided between WPA Hopkins and PWA Ickes.

Now Mississippi is getting its full share of the new projects. Highways are being built, schoolhouses constructed or enlarged, drainage projects put under way, Gulf Coast harbors improved, welfare workers galore sent out over the state, airports and national guard armories dotted over the face of the map, and the big spending spree merrily continues.

Up to the 1st of December the AAA cotton control plan had paid to Mississippi cotton farmers \$44,000,000 for cotton they did not grow—did not even put in the ground. This does not include corn and hog benefits.

The state's cotton crop for 1935 has an estimated value of \$100,000,000, including the seed, as compared with \$41,000,000 in 1933. Only the small tenant farmers and share-croppers, growing two bales or less, are expressing dissatisfaction.

Work has started on the Natchez Trace Parkway, following the route over which Andrew Jackson marched his troops from Nashville to New Orleans. Estimated cost is \$35,000,000, most of it to be spent in Mississippi.

The Coldwater-Tallahatchie drainage project, to reclaim several million acres of the most fertile soil in the world, alluvial lands of the delta, has also been launched. That means about \$25,000,000 more federal money.

An additional \$10,000,000 for trunk

line highway building has been earmarked by the President for a construction program beginning with the new year. Probably half of the weekly quotas now coming from the PWA and WPA at Washington is being spent on secondary roads.

Cheap electricity and electrification of rural homes over a goodly part of the state is promised by the Tennessee Valley Authority. There go more millions.

Small is the growling and few are the murmurs of discontent in Mississippi concerning the New Deal. An overwhelming majority of the people are for it, stronger than horseradish. The notes of pessimism come usually from persons who have failed to make connection with the federal payroll.

Louis Jiggitts, Democratic national committeeman for Mississippi, puts it thusly: "I don't believe President Roosevelt can be defeated. I am sure it is humanly impossible to defeat \$4,880,000,000."

So that's that in Mississippi. Democratic national headquarters will only have to ask how large a majority is wanted in this state and it will go promptly forward on election day. The order is already on the fire.

However, some cautious and conservative persons are beginning to ask about when will the collection agents of Uncle Sam be coming around. Already homeowners who borrowed money from the HOLC are getting the painful and surprising news that they are expected to meet payments in accordance with their contracts, and are trying to negotiate loans from banks with which to satisfy Uncle Sam.

The banks say "nothing doing." They are bulging with deposits, but sitting hard on the money. Outstanding loans and discounts of state and national banks in Mississippi do not exceed 10 per cent of deposits.

ALABAMA

By JOHN TEMPLE GRAVES II
Of the Birmingham News

IN ALABAMA today, probably more than in any other southern state, the South's historic opposition to high protective tariffs is under fire from representatives of the new industrial era.

The fact that a greater percentage of imports of wire, nails, and other finished steel products is going into the South than into any other section is being offered by Alabama steel-makers as evidence of the need for a change in southern policy to accommodate the industrial development that has come to rank now with agriculture in economic importance for southern states like Alabama.

Large cotton textile interests here are complaining on their own account of vast inroads into their Philippine and other trade by Japan. Cement manufacturers are equally sensitive to foreign competition, and so are the cotton-seed oil people.

All in all there has developed an important sum total of protective tariff sentiment in Alabama's industrial circles, even though not all of it dares be articulate in so Democratic a land.

There is developing at the same time—as a result of strenuous and highly intelligent efforts on the part of the Tennessee Coal, Iron and Railroad Company and other leading industrial units—a liaison between agriculture and industry which gives industrial leaders a greater voice with the state's farmers than they have ever had before. Whether it is a voice with the wish and the ability to persuade an important proportion of the farmers to be more amiable about the high-tariff policies which are blamed for loss of export cotton trade, remains to be seen.

Export trade does not account for nearly so great a percentage of Alabama's cotton as it does of that of the trans-Mississippi states and it has not been possible to arouse Alabama farmers against high tariffs to anything like the extent they have been aroused in Texas. Alabamians have been warned from Texas, however, that a permanent decline in cotton exports would mean just so much more Texas cotton on the domestic market, and that it is cotton produced more cheaply than the states east of the Mississippi can ever hope to produce it.

The philosophy of regionalism is a much-preached one in Alabama now, but the argument that southern states should stand together limps a little for want of an ability to say just what they should stand for. The tariff is not the only question on which there is sharp division based on natural interests. Another is the processing tax. Still another is the wage differential.

Politically speaking the South may be considered to be very much in the saddle at Washington, but because of its modern economic heterogeneity it doesn't know where to ride.

GEORGIA

By FRANCIS W. CLARKE
Of the Atlanta Constitution

THE INTENSITY of the greeting extended to President Roosevelt, by the thousands gathered in Atlanta from every county of Georgia to hear his speech delivered in the last week of November, can be taken as a true

index of the attitude of the rank and file of the democracy of the state towards the policies of the New Deal.

Georgia is known as the Empire State of the South because of its huge agricultural interests; it has been in the vanguard of the southern states in the remarkable industrial progress of the past quarter of a century; and Atlanta, its capital and chief city, has long dominated the trade of the South East.

Conditions in all three of these phases of the state's economic structure have been revolutionized since 1932, when agriculture, industry and commerce alike were prostrate.

For the past two years Federal Reserve Bank monthly reports have shown that the sixth district has, almost without exception, led all other districts in gains in wholesale and retail trade, with Atlanta and other Georgia cities leading the other states and cities in the district.

Bank debits in Atlanta have grown from \$111,046,000 in July, 1933, to \$132,457,000 in the same month in 1935; while for the same period bank clearings have grown from \$128,000,000 to \$165,000,000, postal receipts from \$269,444 to \$316,878, building permits from \$131,000 to \$219,000 and the number of water, gas, and electric meters, and electric power consumed, have increased from 10 to 15 per cent.

Retail sales in Atlanta during November increased 24 per cent over the preceding month and 10 per cent over the same month of 1934, despite unseasonable weather. The small cities in South Georgia, the great agricultural section of the state, are now undergoing their most notable era of expansion in the past decade, while industries in the northern part are working to full capacity.

More new autos were sold in Georgia during the first six months of 1935 than for any similar period of any preceding year, being the only state in the country in which sales of new motor cars set a new high mark for the first half year.

The decrease in unemployment, both in rural and urban sections, while slow has been steady.

Back of these revolutionary changes in economic conditions, and chiefly responsible for them, is the kaleidoscopic improvement that has taken place in the agricultural section of Georgia, which is the largest state east of the Mississippi.

Three years ago the farmers of Georgia were bankrupt, deep in debt, their farms being foreclosed by the thousands, and their products selling in most instances for little more than the cost to produce.

Against this picture of gloom and

despair appears the indisputable fact that the great majority of the farmers of Georgia today are better off than at any time since the War Between the States. After years of constantly decreasing revenues, they have been busy during the past two years paying off their debts, lifting their mortgages, adding to their farm stock and equipment, and raising their own food and feed supplies—something they have done but rarely in the past and which is keeping at home the \$75,000,000 to \$100,000,000 formerly sent away each year to buy the agricultural products of other states.

With cotton and tobacco selling at twice the price received before the Roosevelt administration went into office, with hogs bringing 10 cents a pound against 4; and with cattle prices higher than in many years, it will be impossible to wean the average Georgia farmer from his devotion to President Roosevelt and the policies of the New Deal.

The Bankhead Cotton Control Act has in its application worked hardship on many small cotton farmers, especially those who have refused to take advantage of the opportunity to diversify their products through use of the land taken out of cotton. This has been seized upon by some disgruntled politicians and others actuated by selfish purposes to decry the results of the AAA and attack the Roosevelt administration, but so far as the mass of the farmers of Georgia is concerned these attacks have fallen on barren ground.

The most convincing answer to the admitted minor inequalities and injustices of the Bankhead Act is the fact that, despite the lowered income of some of the smaller cotton producers, the total revenues from cotton in 1935 in every county in Georgia run from two to three times as much as in 1933.

The total revenue received by the farmers of Georgia in 1932 amounted to only \$36,000,000. In 1935 they received more than \$225,000,000. This increase of almost \$200,000,000 in the money in circulation in the state has brought new life not only to the agricultural sections but the urban and industrial centers as well.

Georgia never since the carpetbag days has failed to vote for the Democratic candidate for President, nor failed to elect a Democratic Governor and send a solidly Democratic delegation to Congress.

But even if it were a rock-ribbed Republican state it is difficult to conceive, in view of the manifold and concrete benefits it has received under the New Deal, that it would not in this year's presidential election support the Democratic ticket.

CONSTITUTION VS. NEW DEAL

BY LOUIS P. EISNER

The New Deal's fate waits on pending Supreme Court decisions. And the Court is no free agent but must act within the bounds of the Constitution. Is a liberalizing amendment inevitable?

NOT ONLY has the Supreme Court expanded congressional and judicial powers into undreamed of proportions; it has also limited the effectiveness of vital constitutional powers expressly conferred.

Take as a single instance the clause providing that Congress shall have the power to "provide for the general welfare of the United States". This clause appears in the same paragraph as the tax clause. Jefferson, in a letter to Washington quoting a report, analyzed this general welfare clause as follows: "It was expressly assumed that the general government has a right to exercise all powers which may be for the general welfare, that is to say, all the legitimate powers of government; since no government has a legitimate right to do what is not for the welfare of the governed".

Tax Safeguards

Whatever Jefferson or the other Founding Fathers may have thought, it has been definitely settled by decisions of the Supreme Court that the general welfare provision is not in itself a grant of power to Congress, but is merely a limitation on the taxing and appropriating powers of the central government. In laying taxes and appropriating money, Congress is limited to purposes which can reasonably be said to be for the general welfare of the people.

Congress therefore lacks a power which the states all have—namely, the so-called "police power". Congress may, however, levy taxes and expend federal money for purposes which have nothing to do with the federal government (provided only they are for the general welfare) and over which it cannot exercise control.

Sometimes it uses this taxing and appropriating power to try to induce

a desired course of action by the states or by individuals—as it did when it provided funds for road-building by the states on condition that the states themselves appropriate an equal amount, and as it is attempting to do in the AAA by using federal funds to pay farmers to limit voluntarily the productiveness of their land.

But when Congress tries to use the taxing power not for the purpose of raising revenue, but as a penalty, or as a club to prevent conduct which it seeks to forbid, when it imposes a tax so severe that no one can pay it and stay in business, when, in short, the actual intention is that people will so regulate their conduct as not to become liable for the tax and that hence no tax shall be collected, then Congress exceeds its powers.

Such a tax was held invalid by the Supreme Court in the child labor tax case. A similar tax is one of the features of the Guffey Coal Act and is one of the things which make that law seem headed for extinction.

The power to regulate interstate and foreign commerce (as we have seen in previous articles of this series) has been greatly expanded by Congress and the Supreme Court to include the regulation of subjects which framers of the Constitution never dreamed of. But the commerce clause has its limits, too, and some that the average layman probably thinks a little strange. Commerce may be thoroughly controlled, but the production or manufacture of goods has been held not to be commerce. So, Congress cannot legislate with respect to it even though the completed article moves in interstate commerce.

Thus in the child labor case (decided long before the NRA was thought of) the Court, in a 5 to 4

decision, held that Congress could not, under the guise of regulating commerce, forbid the transportation from one state to another of goods produced by the labor of children under the age of sixteen. The Court could detect no material difference in the character of the finished product, whether it was made by the labor of children or of adults. Hence, said the court, Congress was not seeking to regulate commerce, but production. The regulation of the labor going into the manufacture of these goods was held to be solely a state function.

Judicial Leeway

Sometimes matters that, strictly speaking, are local in nature come within the commerce clause because of their effect on interstate commerce; but it is only when interstate commerce is directly affected that Congress may act. An indirect effect is insufficient to give the federal government the power of regulation. This distinction between direct and indirect effect on interstate commerce is not always easy to draw. It leaves the Supreme Court—the final arbiter—with considerable leeway in upholding an act it chooses to smile on, or in condemning a law which meets with the court's disfavor. Each case must stand on its own peculiar circumstances, and the results are frequently surprising and not always easily reconcilable.

Still another limitation on Congress must be borne in mind if present-day constitutional issues are to be understood. The Constitution divides the federal sovereignty into three branches: legislative, executive, and judicial. The legislative power is vested in Congress, and Congress may not give that power away. It may turn over to an administrative

officer the power and duty of making regulations necessary to administer a law, but it must itself lay down the standards and principles which are to guide the administrator in making his regulations. Congress may not abdicate its functions, or turn over to anyone, even to the President, the right to legislate on any subject.

Bearing these general principles in mind, we come now to a consideration of the constitutionality of New Deal legislation put through by the present Administration. For the most part we shall ignore those bills which were designed as emergency measures to meet a temporary crisis, and concentrate on some of the more important acts forming part of the Administration's permanent program.

It should be borne in mind that in giving our opinion on the constitutionality of these laws we are not taking a position either in favor of, or opposed to, their desirability. Nor are we stating our opinion as to whether the laws ought or ought not to be held a valid exercise of congressional power. We are merely exercising the average citizen's right to guess what the Supreme Court will do when cases involving these laws come before it.

NIRA was not the first New Deal law to be passed on by the Supreme Court. But as it was the foundation stone of the Administration's program, and as the Administration was planning to make it permanent, the decision was eagerly awaited. When NIRA was first passed, almost every lawyer who had any knowledge of constitutional matters felt that the act was unconstitutional by all traditional tests. The child labor case and others like it seemed almost insuperable obstacles if past decisions were to be taken as a guide.

Hair-Line Distinctions

But most lawyers felt that because of the great national emergency, and because of the tremendous popular feeling in favor of the act, the Supreme Court would find some way, either by overruling previous decisions or by some hair-line distinction, to sustain the great experiment. Perhaps that might have happened if a case had reached the court in the early days of the NRA, when General Johnson was putting on a great show and opinion in favor of the law was well-nigh unanimous. But the Administration was unwilling to take a chance and did everything in its power to postpone a decisive test.

When the act finally did reach the Supreme Court, almost two years after its passage, its popularity had waned, labor was dissatisfied, and

many business men were convinced it was doing more harm than good. There was no great emotional or psychological pressure on the Court to influence it in favor of the act.

The court disposed once and for all of the Government's argument that the act was justified by the emergency need it was designed to fill. In language crystal-clear, the Chief Justice's opinion declared that no emergency, however pressing, could give to Congress any power which it did not already possess under the Constitution. Whatever the need, whatever the desirability of any piece of legislation, Congress must find authority for it in the Constitution or the legislation must die.

Rubber-Stamp Congress

Having said so much, the Court proceeded to examine the act and declared it void because it delegated to the President the right to set up a code for each industry, which, when adopted, would have the force of law. Congress had attempted to delegate its law-making function to the President, said the Court, in violation of the constitutional mandate that the legislative power of the United States is vested solely in Congress. There was nothing new in this principle. It had been expounded many times by the Court, and the decision on this point had been presaged by the "hot-oil" case decided a few months previously.

The NRA decision could have been rested upon this ground alone. The Court, however, was not content with such a solution. It went on to hold that Congress itself would not have had the power to enact into law the code of fair competition involved. A brief résumé of the facts of the case is necessary to an understanding of the wide scope of the decision and its devastating effect on much of the New Deal program.

The case involved some people by the name of Schechter who were engaged in the live poultry business. It was shown that New York was the largest live poultry market in the country and that by far the greater number of chickens were shipped into the New York market from other states. The Schechters bought their chickens in the New York terminals, carted them to their own place of business, and there sold them to other dealers for local consumption. They violated the code by selling a "sick" chicken, by allowing purchasers to select particular hens instead of buying the run of the yard, and in other respects. It was the contention of the Government that interstate commerce in chickens did not cease until after they had been

sold by the Schechters, that the price of chickens in the New York market affected the price of chickens in other states, and that in any event the conduct of the Schechter business affected interstate commerce and could be regulated by the federal authorities.

The Supreme Court refused to follow the Administration's view. It held that interstate commerce ceased before the chickens were purchased by the Schechters and that the business of the Schechters had no direct effect upon interstate commerce. Of course, once the Court found the effect on interstate commerce to be only indirect, the conclusion inevitably followed (in accordance with the rule pointed out earlier) that the Schechters' business was outside the purview of congressional regulation.

Against this background of Supreme Court rulings, both before and during the Roosevelt administration, let us examine some of the New Deal legislation which has yet to be reviewed by the Supreme Court. Making predictions on Supreme Court rulings on constitutional questions is at best a precarious pastime. It is particularly foolhardy in the case of AAA, for the validity of that act is being argued before the Court at about the time this article goes to press, and it is just possible that the decision may be handed down before our own opinion of what the Court will do appears on the newsstands. But AAA embodies one of the most important of the Administration's plans, and its program is so ambitious that we cannot duck the responsibility of essaying a guess.

Legal AAA Possible

Undoubtedly AAA as originally passed was invalid because of the loose language in which regulatory and licensing powers were delegated to the Secretary of Agriculture. Since the decision in the Schechter case, Congress has rushed through amendments designed to cure this defect. Whether or not the amendments are sufficient to do so is a matter upon which there has been considerable disagreement among constitutional authorities. This phase of the case, however, is comparatively unimportant, because there seems little doubt that amendments can be devised which will set up satisfactory standards for the Secretary of Agriculture to follow.

The really important question involved is whether Congress has the power to limit the production of agricultural products by the methods chosen. It should be remembered that Congress has not sought to forbid any individual to grow or pro-

duce any product he chooses. It has merely authorized the Secretary of Agriculture to fix quotas and to make voluntary agreements with the farmers under which the farmer is paid by the Government for not producing more than his quota. The money needed to make these payments to the farmers is provided by a tax levied against the person first engaged in processing the product raised by the farmers.

Regardless of whether or not we like legislation intended to limit production and which, according to its opponents, is based on an economy of scarcity—whatever the consumer may think of the higher prices he has to pay, there is no doubt that the act is popular with the farmer.

Economic Coercion

There is little doubt, either, that the payments to the farmer have greatly increased his purchasing power, which in turn has aided the country's industries. If AAA is to go, the farmer's purchasing power will drop again, retarding recovery and raising fresh problems for solution. The knowledge of the economic and political consequences of a decision invalidating the act may influence the Court's ruling, though no sign of that influence will be visible in the opinion.

But leaving such considerations aside and viewing the act strictly on its merits, it seems reasonably probable to this writer that the processing tax and the payments to the farmers under their agreements will be held to be a valid exercise of congressional power. While the federal government has no general police power, it does have the power both to levy taxes and to appropriate money for the general welfare. AAA, therefore, should in its main features successfully meet the Supreme Court test of constitutionality.

The same can probably be said for the social security legislation. Here again there is the levying of a tax, this time on payrolls, for the purpose of supplying funds out of which to make payments to citizens when their productive days are over, and to help the states with unemployment insurance plans. There seems little doubt that this bill is a valid exercise of the taxing and appropriating power, however great the burden on employers may be.

The Bankhead Cotton Control Act, the Kerr-Smith Tobacco Control Act, the act aimed at the regulation of oil production and the Guffey Coal Act will probably meet a different fate. In all of these acts we have an attempt by Congress to control production of a commodity.

As we have seen, the Supreme Court ruled some years ago in the child labor case that production or manufacture was not commerce and that the commerce clause could not be stretched to cover it.

Early in the present Administration many lawyers thought that this 5 to 4 decision of the Supreme Court might well yield to the pressure of changing times and that a new court would either overrule the decision or find a way to limit it. Since the Schechter decision, however, the child labor case stands out stronger than ever. While that case was not referred to in the Court's opinion in the Schechter case, certain language which was used indicates very clearly the path the Court will follow when this question is again presented to it. It seems clear that Congress may not legislate either with respect to the production or manufacture of a product which is later to move in interstate commerce, or with respect to dealings in a product which has moved in interstate commerce but which has come to rest in a single state.

There are other features of the Guffey Coal Act which make its fate seem even more certain. One of these is a price-fixing provision, which is not limited in terms to coal that enters the stream of interstate commerce, but applies equally to coal produced and marketed solely within the boundaries of a single state. In addition the act imposes, on producers who do not comply, a tax so high in amount as virtually to compel compliance with the act—a tax, in other words, which it is hoped no producer will pay or incur.

As is pointed out earlier in this article, such a tax was condemned by the Supreme Court in the child labor tax case, and that case should be an insuperable barrier to the constitutionality of the Guffey Act.

Free Will Jeopardized

The Wagner Labor Relations Act is on a somewhat different footing from the rest. It sets up a National Labor Board with jurisdiction to discipline employers for unfair practices towards employees. Among the unfair practices is requiring an employee to join a company union or to refrain from joining a union of his choice. The act also permits the employer to bargain collectively with representatives of a majority of the employees, and the bargain made must then be accepted by all the employees. Machinery is set up whereby the National Labor Board may hold elections and determine just which representatives the employer may bargain with.

All this smacks of regulation of manufacture and production, and the reader by now realizes that such regulation will not be sustained by the Supreme Court.

But the Government has an additional argument here. The bill, it says, is designed to prevent strikes, and strikes have a direct effect on interstate commerce. There may be something to this argument, since it is not unreasonable to say that strikes do directly affect interstate commerce, at least if they occur in a plant manufacturing goods for interstate transportation.

Whether the Supreme Court will adopt the Government's line of reasoning or reject it is impossible of prediction. The Court might say, for example, that the major purpose of the act is not to prevent strikes but to compel employers to accept the closed shop; that the prevention of strikes is only an incidental result of this major purpose and that there is no guarantee that the act will prevent strikes.

States' Rights Again

At all events the act is not, in terms, limited to plants manufacturing goods which are destined for interstate commerce. On the contrary, it is broad enough to cover all plants. It seems almost certain, in view of recent decisions, that the Court will find that a strike in an intrastate business affects interstate commerce only indirectly.

Our conclusion then is that the law, as drawn, will be held invalid; but that a bill which was limited in application to employees engaged in interstate commerce, or in the production of goods which were to be marketed in interstate commerce, might possibly be sustained.

Opponents of New Deal legislation in their fight against it have used as their main line of attack the issue of states' rights. All through the nineteenth century and the early part of the twentieth, the business interests of the country generally have been on the side of those who have urged a broad construction of the commerce clause. Now, for the first time, they have discovered Thomas Jefferson and are suddenly concerned with preservation of the sovereignty of individual states as against the growing power of the central government.

Let us see what happens when a state seeks to regulate the matters concerned in the legislation we have been discussing. While the states have a police power which the federal government does not possess, they are nevertheless strictly limited by the Constitution in the exercise

(Continued on page 62)

SPEAK UP FOR COURTESY

BY HENRY MORTON ROBINSON

We can not longer afford to let bad manners pass unchallenged. It is poor business and poorer sportsmanship. Politeness, like honesty, pays dividends to individuals and corporations. Smiles always win!

WE AMERICANS are not internationally celebrated for our elegant manners. But we have developed a fairly serviceable social technique to help us through our daily lives. Courtesy of a hearty, post-pioneer kind is a rather common thing with us—so common that we are apt to be jolted when it isn't forthcoming. Indeed, usually we are then so taken aback that we neglect our positive duty to do something about it.

If enough of us habitually speak up whenever we encounter public bad manners, there will be a great change for the better within a very few years.

Pondering several recent experiences with insolent public and semi-public servants, I am convinced that I was remiss to let them pass unchallenged. I might have performed a public service by lifting my voice in protest when these gratuitous discourtesies were offered me.

Robert Millikan, the scientist, once remarked that the men who operate the filling stations have done more to teach the American people courtesy and good manners than all the professors in our colleges. A shrewd eco-

nomic reason underlies Millikan's observation: gas station employees realize that their business is highly competitive, and that the slightest discourtesy to patrons will be reflected in waning revenue. Which accounts for the gallantry one usually meets with at a filling station.

Employees in larger organizations—stores, railroads, public utilities—despite the best efforts of executives, all too often fail to recognize that the public has a right to demand considerate treatment. One of the most disagreeable fellows I have run into recently was a ticket agent in a large railway station. Did the fact that I had to travel on his line give him a license to treat me with brusque indifference? At the time, I took his bad manners in silence, but I should have pulled him up short with a protest. Nothing smart-alecky or controversial. Just a straightforward assertion of my title to the courtesy that officials of the road want me to have.

Conceivably my protest might have taken this form: "The officers of this company are trying to build up a satisfied passenger traffic. If they

could watch you selling tickets, they wouldn't exactly compliment you for the help you're giving them."

With millions of men out of work, there is no reason why a poorly qualified person should hold a job. And discourtesy is a poor qualification for any work. I quietly mentioned this fact to a supercilious hotel clerk last week, and was gratified to see an improvement in his attitude when I next asked for service. After all, these chaps are supposed to be specialists in tact and courtesy. It might pay to remind them of it occasionally.

Traffic cops have much to contend with, and doubtless the fine edge of their patience gets frazzled after an eight-hour trick at a busy corner. But this is scant excuse for some of the verbal lacings they give to motorists. A friend of mine, profanely assailed by a traffic cop for a minor violation, decided to stand his ground as taxpayer and responsible citizen.

"Officer," he said, "before you hand me that ticket, please step into my car and we'll drive over to see your Sergeant. I'm sure he'd like to hear you repeat, in the same tone of voice, the language you've just used on me."

Of course my friend did not get the ticket. Every policeman knows that his uniform gives him no right to vent his verbal spleen on the citizenry. He can arrest you, or hand you a summons, but abusive oratory on his part is distinctly extra-legal, and your firm announcement that you don't propose to take his personal guff will usually impress him.

The very Ace of Discourtesy is often the personage behind the grilled window in the theater box-office. He is by nature a superior fellow with a chilly disdain for everyone who tries to buy theater tickets. His stubborn disregard for my purse and seating tastes, his evident haste to be rid of me, amount to positive discourtesy,



very difficult to combat. But I have decided that henceforth I am going to combat it on every occasion.

How? By "calling" him in language something like this: "My dear fellow, the producer of this play, the actors, and everyone connected with it, have gone to great trouble to provide me with an evening's pleasure. You, by your unmannerliness, have just done your best to mar that pleasure. If it happens again, the management will be notified."

A few courageous souls, registering their complaints in dignified accents, could do much to check the blight of discourtesy amongst us. The shorter the speech, the better. The important thing is to remind the offending doorman, or plumber, or head-waiter that his discourtesy is keenly resented and will no longer be passively borne. As a result, you and everyone else are likely to receive more painstaking attention and a firmer brand of courtesy in the future.

There is another side to the story. For every brush with discourtesy we probably experience a dozen instances of cheerful extra service, unsolicited, and—in most cases—unrewarded. A few weeks ago I bought a suit and received such excellent counsel from the salesman that I felt genuinely grateful. The man was a gentleman; it was impossible to show my appreciation by tipping him.

So I did something that we should all do much oftener. I wrote a brief note to the president of the store, mentioning my courteous salesman by name, and expressing pleasure at his splendid treatment of me. I am sure that everyone, including myself, profited by that simple note, and that the salesman in particular was heartened that his courtesy was not unvalued by his fellow man.

Courtesy is not the king of virtues, but it is certainly one of his noblest aides. I suppose its true function is to lubricate the surface of those countless casual human contacts in which our deeper emotions are not called into play. It is so valuable a human commodity that we are justified in extending ourselves mightily to promote it. If it comes freely we are fortunate, but when it is stingily offered we must not be afraid to demand a more generous share.

I do not mean to suggest that we should go about the world bellowing complaints at tired, overworked servants; there are dozens of occasions, daily, in which restraint and patient silence are the only courses open to the considerate man or woman. But if discourtesy is to be checked, heroic methods must be invoked. We must boldly speak up for good manners, and let our voices be heard in every boorish corner of our world.

SO THEY SAY

J. P. MORGAN:
gets tax-conscious

"People here do not realize that if a firm goes ahead and increases its business, eight months of the results are taken away in taxes—which is not much of an encouragement to work."

LOVELORN:
German newspaper advertisement

"Exchange of letters with a gallant, heathen, pushing nordic maiden from the country wanted by a male German of identical opinions."

J. W. HARPER:
British "human cocktail"

"My slick, unorthodox, and determined methods—if elected to Parliament—would enable me quickly to reach the position of Prime Minister of England, so that I can create the heavenly state I desire."

MUSSOLINI:
speaks out in 1911

"Thousands of our working-class lives must be sacrificed to the imperialist ambitions of the exploiting class. What do we workers care for patriotism? What is our banner—a flag to be thrown among the rags."

HAILE SELASSIE:
on Ethiopian tactics

"When we have defeated the invader, you may again don clean clothes. Do not now wash your white-cotton shammas."

KING GEORGE OF GREECE:
receives the crown

"I loathe it. I hate it. I despise it. I would like to get rid of it. But what can I do about it?"

PRINCE LOEWENSTEIN:
German in exile

"The Third Reich is a republic which socks the hell out of republicans."

T. H. WINTRINGHAM:
British military expert

"Fascism is capitalism in panic, when fear of insurrection drives ministers and judges from their propriety."

RAMSAY MACDONALD:
Scotch ex-pacifist

"The navy is us."

NORMAN THOMAS:
on Dixie economics

"Stars fell on Alabama, but they didn't hit the right people."

SECRETARY ICKES:
in fighting mood

"Fascist-minded men of America are the real enemies of our institutions through their common interest in seizing more power and greater riches for themselves."

GEORGE A. JOHNSON:
makes artificial limbs

"Auto accidents have increased our business 60 per cent. If it wasn't for them, we wouldn't have much to do."

WESTBROOK PEGLER:
best beloved newshawk

"Clever, these British. Even if they're dumb, you can't be certain they aren't being clever."

BEHIND THE FOREIGN NEWS

BY ROGER SHAW

Italo-Ethiopian excitement distracts attention from the burning fuses of other powder kegs. Will Lithuania's Memel furnish the next seat of war? Will 1936 witness a German-French-English peace pact?

WHILE NEWSPAPERS of the entire world have been filled with Ethiopian tidings—with Italy, England, the League of Nations, the Mediterranean—Hitler's Germany has maintained an absolute neutrality, silent and almost sinister, as between fascist Rome and liberal Geneva. The press of the Third Reich has been rigidly censored, and it seems that Germany has looked south comparatively little. In happy isolation, she turns north instead. There, indeed, is a sore point not to be overlooked.

Just across the East Prussian frontier, some 90 miles from Königsberg, is the little city of Memel. Its population is less than 40,000, with 100,000 more in the hinterland, and it has been regarded as a tempest in a teapot. But a tempest in a teapot produced Watts' steam-engine, and Memel could produce hell on earth. It is a Baltic seaport with iron foundries, ship-building yards, breweries, amber factories. Southeast of the city is the long, narrow strip of Memelland along the Memel River, mostly farming country. It totals 943 square miles. Just across the river are the hard-bitten East Prussians, most pugnacious of all Germans.

Within the town of Memel, nominally a self-governing city-state of backward Lithuania, there exists a continuing friction between the Germanic burghers and Slavic government officials appointed from the Lithuanian capital of Kovno. Here the race struggle is bitterly pronounced, and fiercely fought out. When the nazis rose to power in Germany in 1933, the battle became even more accentuated, for Hitler has considered himself as the special protector of German minorities abroad. To the Lithuanians, whose national population totals less than 3 million, Memel is also precious. For the city is their only important water outlet,

and without it Lithuania would be robbed of her Baltic harbor, shut in as she is by East Prussia, Poland, and Latvia.

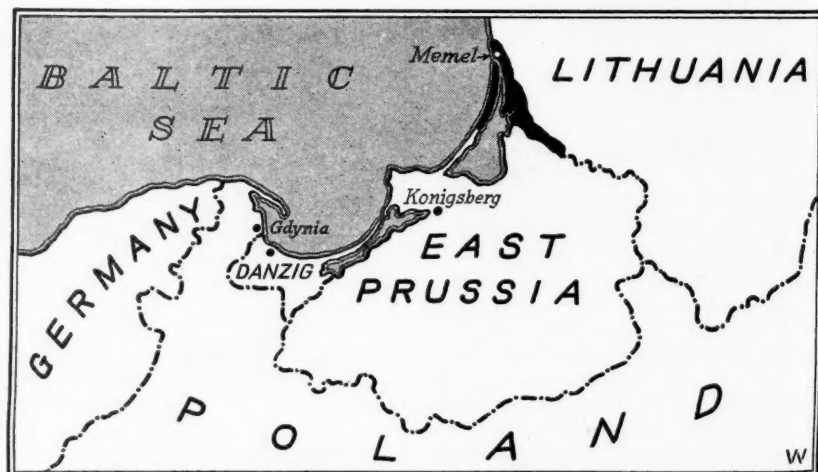
Medieval Burg

Before the World War Memel was an East Prussian city, founded in 1252 by the crusading order of Teutonic Knights. It was always German-speaking. After the German collapse of 1918, victorious Allies administered Memelland in the maritime interests of little Lithuania, with the ultimate intention of making the area virtually independent. Then, in 1923, Lithuanians seized the city by a sudden military coup d'etat, to the impotent rage of the inhabitants. Germany was too helpless to intervene, it seems—and the guardian Allies were busy elsewhere. A French garrison, in occupation of Memel at the time, surrendered and evacuated the city just as French armies were invading the industrial German Ruhr

to collect war reparations. A vague sort of League of Nations supervision over Memel has continued from that day to this.

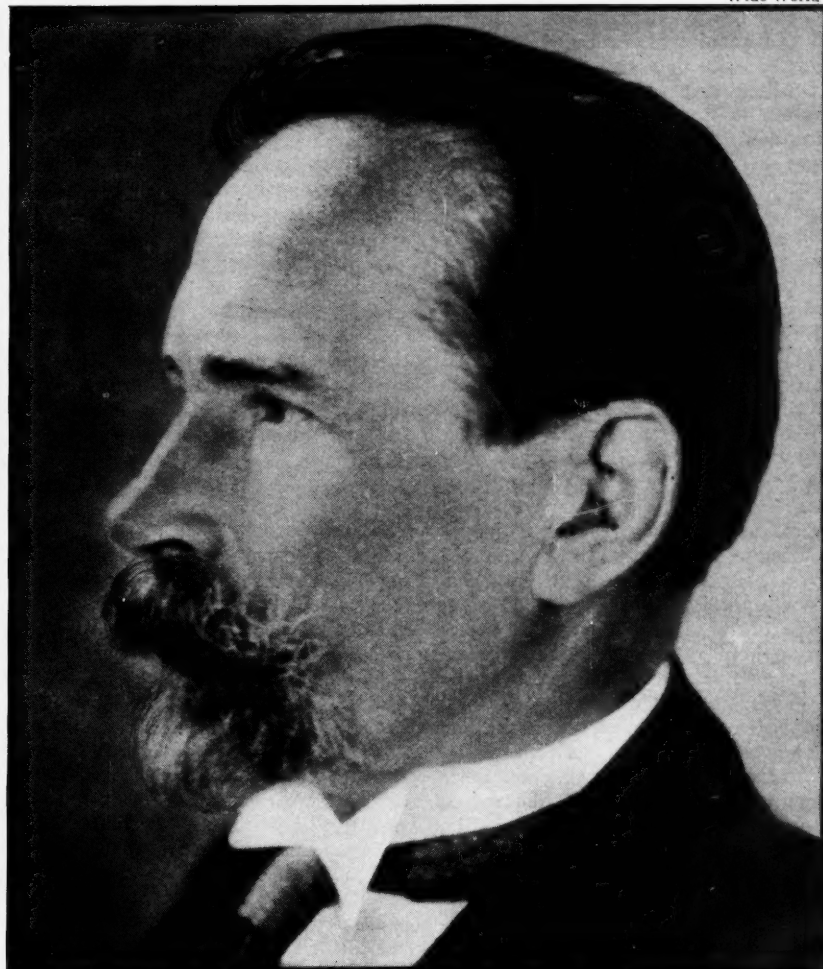
The Lithuanian state, emancipated from Russia in 1918, has not had easy sledding since its formation. Poland forcibly annexed the historic Lithuanian capital of Vilna by a putsch in 1920, and Polish-Lithuanian relations have always been of the very worst both at Geneva and along the local frontier. Diplomatic and commercial relations were severed, and Lithuania's 20,000 soldiers glared defiantly at Poland's 350,000, somewhat as David glared at Goliath. Lithuania has been under the semi-fascist dictatorship of Anton Smetona since 1926, and she was nicknamed a Baltic Balkan because of her unstable internal and external relationships. The Poles possess half of Lithuania's rightful area and population. The German frontier has been closed to her agricultural exports.

Meanwhile the nazi movement



DISPUTED

The Memelland, in dispute between Lithuania and Germany since 1918, is here shown all colored in black.



LEADERS

General Werner von Blomberg (left) is chief of the new and powerful German army. Anton Smetona (right) has been dictator of little Lithuania since 1926. The two are strategic keymen.

within Memel has steadily gained strength through consolidation and organization, and Lithuanian officials vigorously attempted to stamp down the smoldering embers of local sedition. This brought about violent repercussions at Berlin, and Lithuania was the only foreign nation denounced by Hitler in his recent speech-making at the 1935 party convention in Nuremberg. In the Memel question, a rearmed Germany means business with grim seriousness. Were a tiny Mexico suddenly to seize American El Paso, the state of Yankee feelings might well be imagined.

And so, as Italy and the League of Nations rock and rant, and as the Japanese tiger quietly feeds upon helpless China, the Germans eye Lithuania with a serious and steadfast gaze. Their tactics would, of course, be tactful. It is not their plan to send their new military Wehrmacht, mechanized and motorized, across the East Prussian frontier for an outright annexation. This would be much too easy in respect to Lithuania, much too difficult as regards

the rest of the world. France and Russia would storm and rage, and might possibly come to Lithuanian assistance, which would mean Armageddon without stint.

Instead, for instance, the Memelland nazis might rise against the Lithuanian overlords like our own minute-men of 1775. Then East Prussian nazis would infiltrate, quite unofficially, over the border to cooperate with their kinsmen in Memel as against the Slavs. Arms and ammunition would, accidentally on purpose, flow out of the Third Reich and into the Memelland, along with money funds. Memel could then establish itself as an independent nazi statelet in close accord with Berlin, but by no means annexed to Germany. Eventual union, in toto, would follow as a matter of course.

These were the tactics striven for in Austria during 1934, where they failed to materialize. But debatable Austria is not little Memel, and strategy abandoned in the hectic southeast might conceivably succeed in the faraway northeast. Memel

must be won by revolution, Austria by coalition, it seems, but nothing whatsoever by wars of conquest as the German army regulars know well. Old Blomberg, Wehrmacht commander-in-chief, has a cool, clear head and is not to be caught in any break-neck undertaking such as Italy's Ethiopian adventure.

Hell at the Polls

Things came to a semi-head in the recent Memel diet election. It was a noisy and ill-run affair, lasting several days, whose results took more days to count. As was more or less expected, Germans won 24 diet seats, Lithuanians got 5. This 82 per cent was a striking victory, and the scattered Lithuanian votes came mostly from country districts outside of the city. There were 189 candidates for the 29 diet seats, and each voter was presented with a booklet from which he tore out slips bearing the names of his electoral choices. It took the balloters from twenty to forty minutes apiece to vote, and there were

general confusion and some violence. The Lithuanian government had been warned, both by Germany and by the ex-Allies, to exercise tact and moderation in its handling of a perilous situation; and the Kovno bureaucracy seems honestly to have done its best. It was the fifth election held since Memel went to the Lithuanians. Hitler made speeches across the border, in Koenigsberg, while the voting was in merry progress.

It is interesting to note that Letts (Lithuanians and Latvians) have long been the mainstay of the dreaded G. P. U., or Soviet secret police. They were by far the best fighters in Trotsky's red army during the long Russian civil war. They have more push and energy than native Russians, and are infinitely more hard-boiled as factory foremen or in executing assignments. Under the old Czarist regime, feudal land conditions were especially bad along the Baltic, most of the Lithuanian titled landlords being Catholic Poles, while those in nextdoor Latvia were Lutheran Germans. This made the Baltic peasants especially red, although their little states failed to go communist.

Many of the more efficient Letts remained in red Russia. Meanwhile the great landed estates of Lithuania, Latvia, and Estonia have been subdivided among the agrarian workers, to the disgust of local ex-aristocrats who are mostly pro-German and anti-Russian. The three little countries mentioned above, along with Germany, Russia, Poland, Finland, Sweden, and Denmark, constitute the Baltic powers which face one another in an elongated elipse.

While Italy and England contend for mastery of the Mediterranean, Germany has returned to her pre-war position as Baltic sea-boss. She has now no less than 28 submarines of 250 tons; three deadly pocket-battleships of 10,000 tons, the *Deutsch-*

land, *Scheer*, *Spee*; and two large battleships of 26,000 tons, the *Ersatz Elsass*, *Ersatz Hannover*. It will be remembered that, by the terms of the recent Anglo-German naval pact, the German navy is to total 35 per cent of British strength, with an allowable submarine ratio of approximately 45 per cent. As His Majesty's flotillas have steamed off to the Mediterranean, Germany has been left as virtual Neptune of the North Sea into the bargain. Admiral Raeder now commands the new Reichsnavy. He has, in addition to the vessels mentioned above, three old-style battleships and eight cruisers, as well as tenders, mine-sweepers, speed-boats.

Germany's Position

Germany today is in a strong position diplomatically. She has the naval pact with England, a non-aggression pact with Poland of great importance, good relations with most of the Baltic and Balkan states, and of course with Japan. The Reich is on very bad terms with Soviet Russia, with the Catholic dictators of Austria, with American liberals, and (as explained above) with Lithuania. Reich relations with France, however, are extremely interesting.

France and Russia are now in virtual alliance, as they were between 1892 and 1917. As this is written, the present alliance has been signed but not ratified by the French parliament. There has been a long delay in the matter, and Pierre Laval is in general opposed to the tight pact. Edouard Herriot, on the other hand, is strongly in favor of the pact.

Roughly speaking, the French right (diehards) is friendly to Germany and unfriendly to the communists of Russia; while the French left (liberals) is pro-Russian and detests Hitler and all his works. Laval is identified with the moderate right;

Herriot with the moderate left. France has been on the brink of civil war for two years, with extreme right and extreme left armed and arming.

The right would like a friendly understanding with Germany, granting the Reich complete arms equality by land and sea and-air, and also closer economic coöperation. Right leaders would like to get Germany back into the League of Nations, in which body they feel that Russia is playing too dominant a part under the able Litvinov. France has iron and Germany has coal, and each needs the other. Apparently, steel-masters of the two countries were on excellent terms even during World War years and the shambles of Verdun and the Siegfried Line. In the back of many diehard Franco-German minds is the thought of a unified "cultural" crusade against the red Soviet Union, with Poland, Japan, and certain lesser Baltic and Balkan countries in their holy-cross lineup.

All this the Russians know, and it is making them exceedingly nervous. The French left is not communist, but it is liberal and prefers communism to fascism as a matter of course. The French general election of this spring will probably bring in a vast left majority, and possibly a coup d'etat by the right as the aftermath. With a right triumph, legal or illegal, France deserts Russia and goes over to Germany almost immediately, according to all predictions.

A triple defensive pact of France, Germany, and Nationalist England—based on arms agreements and collective security—is not beyond the realm of possibility. It might prove to be a Holy Alliance à la Metternich. But be it remembered that the "infamous" Holy Alliance, bugaboo of our red forefathers, kept safe the peace of Europe from 1815 till 1854—although it was, perhaps, a peace of death. Meanwhile, *what price Memel?*

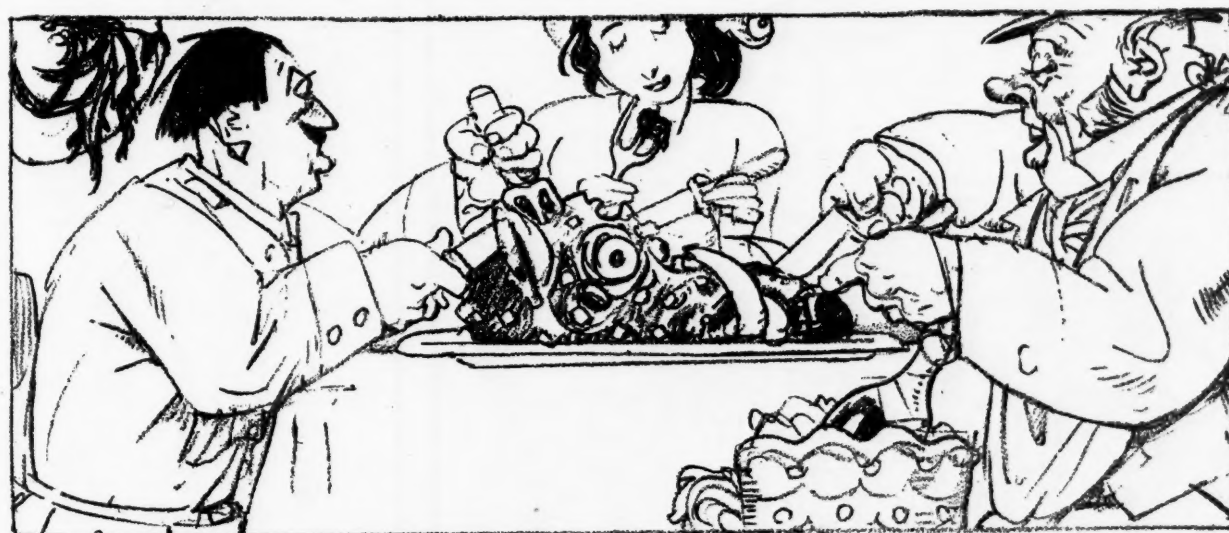
THE FRENCH DIG IN

Frenchmen and Belgians have dug themselves safely under in Western Europe lest Germany should see fit to strike across the Rhine.

THE AUGUST number of the *Review of Reviews* published a German military air map showing flying bases all over the Third Reich, with their war-time objectives and time-tables. That German aviation plan attracted attention among our readers.

This month's map shows the strongest defensive system in the world—the new French and Belgian fortress layout which is capable of resisting any German invasion by land, such as that of 1914. The Belgian fort line runs from the North Sea

along the Dutch, German, and Luxembourg frontiers, with Antwerp and Liege as centers of resistance. It joins the French fort line in Alsace-Lorraine, near bristling Longwy. As can be seen from the map, France has three fortified lines, one behind



From the Berlin Kladderadatsch

ETHIOPIA

Honest John Bull rushes into the fray as Italy seeks to slaughter the Ethiopian wild boar, while beautiful France is horrified by such dissension. The fair Parisian tries to patch up things between the murderous fascist and the Bullman, and seems to succeed. Then all three—Italy, France, and England—sit down to a royal feast of the Ethiopian roast pork.



From the London Herald

WILD!

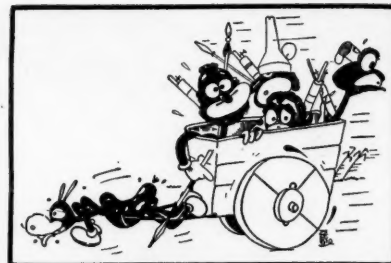
The Italian fascist is running wildly after a little Ethiopian, while the international police force—England and France—show signs of dismay. A cartoon by Australian Will Dyson.



From the Cardiff Echo (Wales)

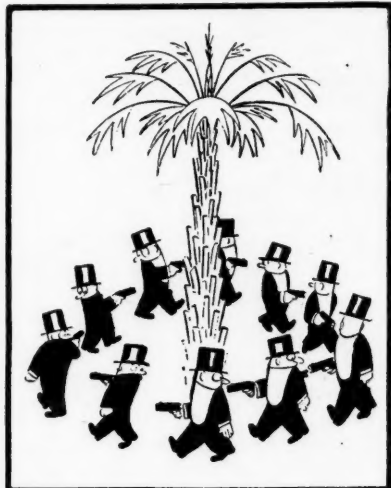
STOCKS

The mighty Mussolini is shown caught in the trap of League of Nations sanctions, which cover arms, economics, and finance. Warhawks may yet learn to dislike modern boycott.



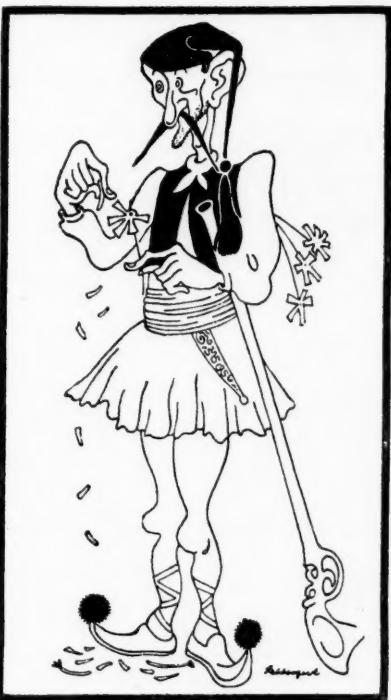
From the Florence 420 (Italy)

Here is an Ethiopian tank or armored-car of sorts! Italian view.



From the Stockholm Strix (Sweden)

This is the Scandinavian conception of armed peace, with all the diplomats watching one another.



From Zurich Nebelspalter (Switzerland)

The wily Greek is choosing between monarchy or republic by this easy and novel "daisy" method.

the other, facing Germany. The defense units are made of concrete, reinforced by steel, and their construction is largely underground, thereby offering to the enemy a minimum target. In most of the defense units there are several subterranean floors, some of them having elevators. All are heavily armed with improved artillery and machine-guns.

German Handicaps

By the terms of the Versailles peace treaty (1919) the German Rhineland, to the west of the river, is completely demilitarized; while the German east bank is also demilitarized to a distance of 50 kilometers back. This makes West Germany helpless, defensively, and prevents the Germans from preparing convenient bases for a land attack against the French. Hence the Goering air program, which might attempt to attack France by flying over the impregnable French forts and tackling Paris and Lyons direct. It is improbable that the highly-mechanized new German Wehrmacht could do much in the fortified west. In the mobile east, in Poland or Russia or the Balkans, it might work wonders against under-industrialized Central Europeans who are short on facilities.

With French and Belgian forts in the west and a million soldiers (peace strength) in the Russian red army to the east, German militarists feel themselves hemmed in, despite the present internal weakness of fascist-

threatened France. France has, incidentally, well over 4,000 tanks and Russia has nearly that number, according to late estimates. France owns more than 5,000 war planes, while the red army totals better than 4,000 of them. German armament figures, as to planes and tanks, are still unknown and kept so.

French troops to man the new fortified lines are mostly long-service professionals, for the annual conscript forces are lacking in requisite technical skill. The French army totals well over 600,000 men, a third of whom are dusky North Africans; while the

Belgian forces, considered rather inferior as fighting-men, number 100,000 rifles. The new German Wehrmacht will amount to less than 500,000 fieldgrays, but its quality may be definitely superior to French and Belgians both, and its mechanized equipment is strictly up-to-date. So-called nazis have as little to do with the Wehrmacht as they have with Ethiopia.

General staff and high command stand outside and above the brown movement, although rank-and-file, lieutenants, and captains — the younger men — have very strong nazi sympathies.

BRITISH NAVAL TACTICS

Are the Bullmen really anxious to whip Mussolini?

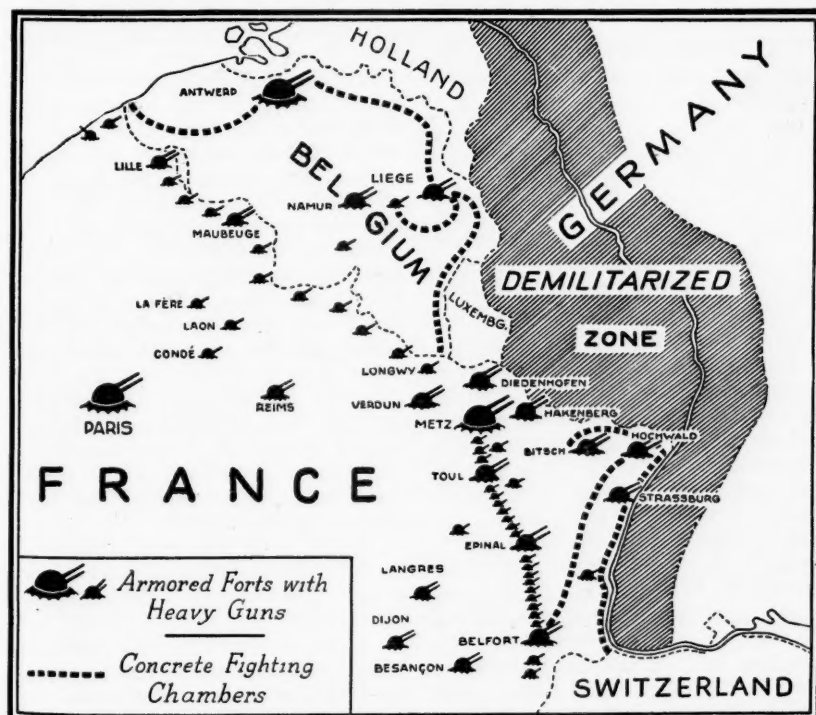
BRITISH military strategy these days, in the opinion of the writer, is basically unsound as against the Italians. The old-fashioned royal navy has been shipped into the Mediterranean to the number of 150 vessels, badly under-equipped with aircraft and subsidiary novelty weapons. The Italian navy, meanwhile, is virtually in the discard, and reliance is placed on 3,000 planes, 100 submarines, and 300 high-speed seasleds carrying deadly

torpedoes. There is even a suicide-squad of Italian aerial bombers who are trained for direct physical collision with British ships.

All this has made the London admiralty extremely nervous, and the British fleet in the Mediterranean has become a liability rather than an asset. His Majesty's battleships are a sort of hostage in the hands of Mussolini and Italian military radicals. England, for this reason, has to go easy diplomatically.

The British would do better to withdraw their entire fleet from the Mediterranean, and park it safely in Scotch home-waters. Quite accidentally, of course, an old ship or two could be sunk in the Suez Canal to block it for some time to come. This would completely isolate the Italian armies in Africa, and halt their operations which need constant supplies from home. With the British fleet gone, Italy would have nothing of importance to attack except Egypt, Malta, and Gibraltar. Mussolini might occupy these spots for the time being, but since he would like to annex all of them, he would do them no harm.

The economic effect of League of Nations sanctions and the closure of Suez would lead to Italian collapse in a comparatively short time, and then His Majesty's lost provinces would automatically come back to him. Masterful inaction seems the best policy for British and Ethiopians both — except in the all-important matter of a Suez "accident". Of course, if Ministers Baldwin and pals do not really wish to finish off Italian fascism and oust Mussolini from office, that is another matter.



DEFENSE

This is a clear map of the new French and Belgian land defenses against German military power in hectic 1936.

THE FASCISTS ROAR—IN PRINT

FASCISM is highly nationalistic, yet it has become international in scope. Italian, German, French, and other "shirts" have much the same psychology of violence and dynamic energy. Their press gives voice—quite frankly—to ultra-aspirations.

The Swiss *Neue Zuercher Zeitung* presents this analysis of fascist press censorship under Mussolini, himself former editor of the *Popolo d' Italia*, published in Milan:

"It is widely believed that the press in Italy is controlled by the state, but actually there is no pre-censorship. The newspapers cannot be prevented in advance from expressing their free opinion, for it is impossible to prosecute a newspaper before it has appeared. The fascist press law merely states that, if a newspaper publishes news contrary to national interest, the responsible editor of the paper will be warned. If he proves recalcitrant, he will be warned two more times; in other words, three times in all. Only after the third warning can the responsible editor and publisher of the newspaper be prosecuted and the newspaper itself be forbidden.

The Italian Press

"The Italian censorship is not so severe as most people believe. Moreover, even in pre-fascist Italy the censorship had the right to prosecute newspapers for misleading or dangerous dispatches and frequently exercised this right. The state now requires the Italian press to observe the interests of the entire nation and not to give public opinion in the country anything hostile to it. Within these confines freedom of opinion is officially allowed. According to a paradoxical statement of Mussolini's that is often quoted, this measure gives the Italian press greater freedom than the press enjoys in other countries, for as he explained, free expression of opinion in Italy is limited only by the national interest, whereas elsewhere, with a few isolated exceptions, even the largest press organs are always subordinate to some party, industry, private interest, or clique."

Fascist sentiments are embodied journalistically in an extraordinary dispatch from Rome, written by the famous Italian futurist and fascist, F. T. Marinetti. This is his summarized creed for 1936:

"War has a beauty of its own—

"1. Because it fuses together in harmony, strength, and kindness. Strength alone tends to cruelty and kindness to debility, but the two together generate generosity.

"2. Because it assures the supremacy of mechanized man—equipped with gas masks, megaphones, flame-throwers, tanks—over machines.

"3. Because it begins the long-dreamed-of metalization of man.

"4. Because it completes the beauty of a flowery meadow with its machine-guns, passionate orchids.

"5. Because when the symphony of rifle fire and artillery bombardment stops, the songs of soldiers can be heard and the perfumes of putrefaction can be perceived.

"6. Because it genially remoulds terrestrial scenery with its inspired artillery.

"7. Because it creates new architecture, such as a heavy tank.

"8. Because it exceeds in violence the battles of angels and devils.

"9. Because it definitely cures man of individual fear and collective panic, with a refined and stylized heroism.

"10. Because it rejuvenates the male body and renders the female one more desirable.

"11. War has a beauty of its own because it serves towards the aggrandizement of the great fascist Italy."

General Erich Ludendorff, German guiding genius in 1914-18, makes the following blast from Munich, where he controls a minor periodical of radical neo-pagan tendencies:

"May the German, in his aspiration to military preparedness, realise the great demands which war makes alike on the military leader and the rank and file. May he realise that, for the preservation of the life of a people, war is the most difficult but also the most sublime thing a nation has to achieve. Such were the wars which produced the heroic deeds of 1870-71 and of the World War. These were moral wars for the maintenance of the nation's existence against the destructive will of the super-national powers—Catholics, freemasons, reds—and of the states which are in servitude to them."

Most nazi of all nazi journals is

Schwarze Korps, official organ of Heinrich Himmler's blackshirt police. When the Nobel Peace Committee of Norway was rumored to be considering Carl von Ossietzky—German pacifist in jail since 1932—for 1935 prize-winner, the *Korps* threatened:

"Do not provoke the German people by rewarding a traitor to our nation. . . . We hope that the Norwegian government is sufficiently familiar with the ways of the world to prevent what would be a slap in the face of citizens of the Third Reich!" P.S. The worried committee made no award.

Himmler had spoken. Meanwhile, Hitler's privately-owned *Voelkischer Beobachter*, more moderate in tone, continues as the best paying journal in Germany. Published in Munich and Berlin, its circulation approximates half a million.

Violence in France

France has five fascist leagues, such as the Croix de Feu, which fiercely threaten the government, democracy, and the trade-unions. Their Paris press is vociferous and caustic in its biting attacks on the status quo. It even advocates assassination. Below are presented some typical comments from dictatorial, anti-semitic papers.

Says the little *Franciste*: "Note that we do not collect wet hens or waddling ducks about us. For it is not out intention to have our heads broken, but to break the heads of others—the thieves, rogues, and traitors who are betraying our land."

"We are the friends of all nations," says *Racisme*, "with one exception—the Jewish nation. If we want peace, which can easily be established between the French and German nations, it is necessary that the Jew, the crab of humanity, be exterminated." This almost equals the fanatical spleen of Julius Streicher's Nuremberg *Stuermmer*, which prints daily on its front page: "The Jews are our misfortune!"

"Force will confront redoubled force," declares the monarchist-fascist *Action Francaise* of Leon Daudet and Charles Maurras. "It is not out of place to specify what methods Frenchmen who are so gravely menaced will use. We fascists will not brave the army or the police in open struggle, but will smite down leading oppressors one after another!"

Health Enemy No. 1

—the Common Cold

LOOK out for the common cold! Last year it cost more than 500 million dollars in wages, caused more absence from work than any other form of sickness, robbed millions of children of time from school.

Look out for the common cold! It may pave the way for other dangerous enemies of health — influenza and pneumonia, and even tuberculosis. In addition, a cold may often lead to chronic catarrh of the nasal passages, to ear trouble, bronchitis or inflammation of the sinuses—the cavities in the bones of the skull. A cold can easily become a serious matter.

The best time to prevent serious trouble is at the very beginning. The moment your nose begins to run, your throat feels sore, your eyes burn and your back begins to ache, or your head stops up—organize your counterattack on Health Enemy No. 1.

Take no chances. Stay at home. Rest in bed. Stay away from other people—colds are often contagious. Drink plenty of water and eat lightly of simple, nourishing foods. If there is no improvement in your condition the next day, call the doctor. If you are feverish, send for the doctor at once. Do not ignore a cold no matter how trifling it seems. If you take proper care of yourself from the first snuffle, it will not, in a great majority of cases, develop into a serious illness.



The Metropolitan's booklet, "Colds, Influenza, Pneumonia," contains the best medical advice on the subject of colds. Send for your free copy.

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THE PULSE OF BUSINESS

Our index rises still higher, to 80 per cent of normal, with automobile production contributing more than its share. Meanwhile industry quarrels with government, and labor quarrels with itself.

OUR INDEX of general business continues to climb. For the week ended December 7 (the latest data available as we write) it stands a hair's-breadth below 80 per cent of normal. A year earlier this business barometer registered only 58 per cent.

Speaking in terms of years, the recovery effort progressed during 1933 from the low ebb of 44 in March to 69 at the year-end. During 1934 the net gain was 3 points only, to 63. But during 1935 (to December 7) there was a further advance of 17 points, to 80. This came wholly in the second half of the year.

Indeed, our index had indulged in a sinking-spell during the first half of 1935, falling to 61.5 for the week ended June 1. That same week happened to see the Supreme Court overthrow NRA; and the New Deal possibly never will live down the fact that this index (and all similar ones) began at once to climb.

• • No SINGLE index is infallible or all-sufficient, and it is desirable to call attention to the fact that one item (among seventeen that we consider in reaching a final index) has run away with the race. We refer to the item of automobile production; and here the result—quite an accidental one—is due almost wholly to a New Deal idea.

The annual automobile show, marking the introduction of new models, was moved forward two months, from January to November, in an effort to distribute production—and therefore employment—more evenly over the year. A glance at our chart, on page 24, will show that this result was not achieved. The drop in production, during August and September, was fully as pronounced as ever.

Shifting the date of the automobile show did, however, keep the factories busy in October and November, turning out cars for dealers' showrooms. And since our automobile index is based on production, rather than on sales, the index soared. Readjustment

of the seasonal factor failed to check the advance.

So that item of automobile production has exceeded 160 per cent of normal for three consecutive weeks as we write. Single-handed and alone it accounts for a rise of 4 full points in our combined index of general business.

• • BUSINESS LEADERSHIP is quite plainly refusing to play with the President's Coördinator for Industrial Coöperation. Yet the P. C. for I. C.,

with the hearty backing of organized labor, moves without halting toward the creation of an Industrial Council.

A preliminary conference in early December was notable for three things: (1) absence of steel, automobile, and chemical delegates; (2) absence of industry's recognized individual leaders; and (3) non-rubber-stamp quality of those delegates who did attend.

Another sign that shows industry's present attitude toward further coöperation with the New Deal is a poll

GENERAL BUSINESS INDICES

	Weight Factor	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 8, 1934
Stock Sales, N. Y. Stock Exchange.....	2	58	63	62	62	25
Bond Sales, N. Y. Stock Exchange.....	1	95	105	113	127	100
Money Rates.....	4	13	14	15	15	20
New Financing.....	2	51	76	72	63	25
Bank Debits, N. Y. City.....	4	45	47	51	50	37
Deposit Circulation, N. Y. City.....	4	42	44	47	46	35
Index of FINANCIAL ACTIVITY.....	17	42	47	49	48	33
DISTRIBUTION						
Bank Debits, outside N. Y. City.....	10	66	68	76	78	65
Deposit Circulation, outside N. Y. City..	10	78	82	94	96	61
Merchandise Carloadings.....	11	78	77	77	74	83
Index of DISTRIBUTION.....	31	72	73	77	76	66
PRODUCTION						
Bituminous Coal.....	3	77	77	79	78	70
Crude Oil.....	3	114	114	115	113	98
Commodity Carloadings.....	8	67	66	67	66	60
Electric Power.....	7	79	79	79	80	73
Steel Production.....	9	74	76	77	79	42
Automobile Production.....	6	144	160	165	168	54
Construction Contracts.....	11	65	73	82	88	53
Cotton Consumption.....	5	113	110	106	93	82
Index of PRODUCTION.....	52	86	89	92	93	61
INDEX OF GENERAL BUSINESS						
	100	74.2	77.2	80.1	79.9	58.0

A COMPARATIVE record, for weeks ending with Saturday. The figures represent percentage of normal. The "distribution" items are all based upon an average for the years 1926-31; new financing, automobile production, and cotton consumption, upon 1927-31; and construction contracts upon 1928-32. All others use 1919-1931 as normal or 100.

Deposit circulation outside of New York City is not included in the index of distribution, but is allowed for in the final index of general business. Carloadings and coal data are always of the previous week. Electric power is adjusted for population growth, construction contracts for changing price level.

conducted by the Chamber of Commerce of the United States among its local chamber-members. "Should the federal government at the present time exercise federal spending power without relation to revenue?" That was one question, and the vote was: Yes, 22; no, 1845.

The Chamber also opposes the use of the taxing power as a basis for regulation or prohibition, or to promote social and economic changes. It is no secret that the "tax" on potatoes raised by any local farmer in excess of a quota fixed at Washington is confiscatory. At three-fourths of a cent a pound it is, of course, 45 cents a bushel; probably in excess of the market value of the potatoes.

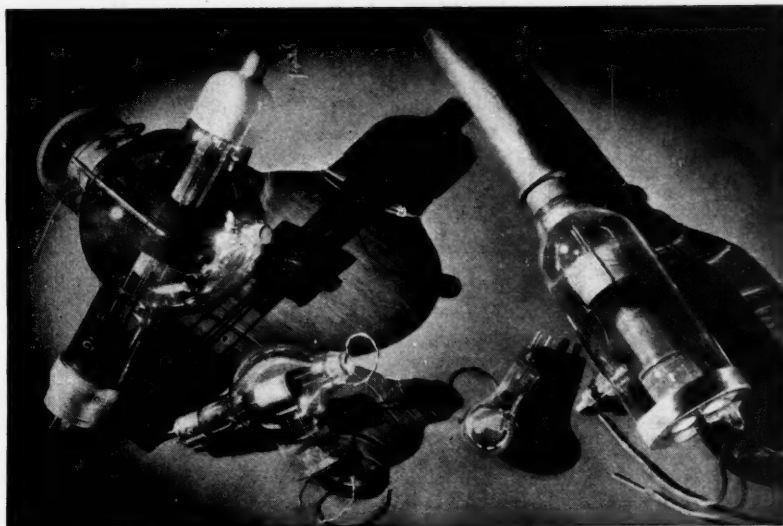
And it is also plain that the double levy on payrolls, under the Social Security Act, one for employees' retirement and the other for their temporary unemployment, will put all previous taxes—so far as most employers are concerned—into the well-known shade.

In passing, we remind individuals that under some of the state laws fostered by this federal legislation (New York, for example) they rate as employers. Do you hire, even by the hour, a chauffeur, a gardener, a maid, and a cook? If so, you are compelled to keep a set of books, with the life history of each employee, and to make payments into a state fund. And don't think that you can get out of it by firing one of the four. If you employed four persons during 1935 you must keep such records anyway. This is the New York law.

Wonder what the effect on unemployment will be? Can one beat this law by having the wife hire the maid and cook, and the husband hire the chauffeur and gardener? We raise the question only to show the complexities.

• • LABOR continues to bask in the good favor of the Administration. The 30-hour week will be in the forefront of its own legislative program when Congress meets. All New Deal legislation, of course, has frankly been framed to promote the welfare of the working man. Thus there was no kicking over the traces by Labor at the Washington conference for industrial coöperation last month.

Meanwhile organized labor threatens to call a halt in its war against capital and engage in a fratricidal struggle. John L. Lewis, most powerful union head (president of the United Mine Workers), has resigned his post as a vice-president of the American Federation of Labor. This is the opening gun in a battle the lines of which have been forming behind the scenes for years.



JUST TUBES

ONLY strange shapes of glass and metal! Yet it's the electron tube that gives radio its tongue, that brings to your fireside music played a thousand miles away.

It's the electron tube that leads ships through fog, guides airplanes through darkness, peers unwinkingly into white-hot crucibles, directs the surgeon's knife, and is becoming one of the greatest weapons against disease.

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A few years ago, it was only a laboratory device. Today, it is weaving an invisible network of service about man's daily life. Tomorrow, it will do things that were never done before.

Continual development in electron tubes is only one of the contributions made by G-E research—research that has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric.

96-180D1

GENERAL  ELECTRIC

Lewis advocates what is known as the industrial union—the "vertical" type—embracing all workers within a given industry, in contrast to the craft union. Typical craft unions, highly skilled, are the compositors and pressmen in printing establishments. The Lewis campaign is aimed directly at the automobile and steel industries, which have successfully resisted union domination, but its ultimate objective is mass unionism.

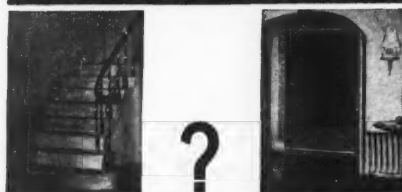
• • IT HAS LONG been a theory of the present writer that optimism among investors is a major factor in business recovery. A feeling of comparative wealth or comparative poverty is reflected in the purchase of

automobiles, refrigerators, clothing, even food. Purchase of these things means increased employment and decreased relief burdens on government. Therefore we look with satisfaction at the rising level of stock-market prices (see chart on page 24).

The shadow of Congress is upon us, however, with new panaceas such as the soldiers' bonus and the Townsend pension dream. The bonus is expected to pass in a presidential year, and this old-age pension of \$200 a month is just too sweet and lovely a thing to be laughed off.

Congress and a presidential election are the only clouds on the recovery horizon, if we consider that the European war scare is over.

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OR SHOULD NOT CLIMB STAIRS



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American and European Plans
THREE BLOCKS FROM AUDITORIUM
AND UNION STATION

WALTER J. BUZBY, INC.



• • DANGER seems to lie mainly in inflation possibilities. If we escape the kind of inflation that is born of printing-press money, then we shall get credit inflation instead.

Our banks hold 3 billion dollars in excess reserves, capable of supporting additional business credit to the amount of 30 billions. The constant pressure of this capital in search of a market will encourage speculation, increase prices, and raise the cost of living.

More immediate is the concern over stock-market inflation. Our chart on page 24 shows a rise—in common-stock averages on the New York Stock Exchange—from 64 last March to 94 in December. This is a gain of almost 50 per cent in only seven months.

The market value of all stocks on the exchange advanced in that same period more than 13 billion dollars (from 30 to 43 billion). It is still 29 billion shy of the 1929 peak of 72 billion.

The Stock Exchange itself, the head of the SEC, and Governor Eccles of the Federal Reserve Board, all dodge responsibility for applying the brakes, as yet, to this type of inflation. Mr. Eccles holds that, so far, these securities are being purchased with cash.

Behind Japan

(Continued from page 33)

been credited with international aspirations as broad as humanity itself. In the last year or so, however, the Buddhist priests have taken an extremely active part in spreading the propaganda of nationalism throughout Japan, with lectures broadcast morning after morning to hundreds of thousands of listeners. Newspapers and magazines have spread the gospel of the "Nippon Spirit." As one journalist puts it, this movement has emphasized the fact that the "development of Japan is dependent on the religions inseparably linked with her life, social and personal, since the days of the ancient forefathers."

All this has produced a most constructive spiritual orientation. It has laid the basis among the people of Japan for a concept of duties and obligations rather than a clamor for rights and privileges. In their attitude toward their government and their country, the Japanese people have found the key to national well-being in the subconscious adoption of a paraphrase from the Scripture of another religion: "It is more blessed to give to the Fatherland than to receive."

History is strewn with the wreckage of democracies, due to their inability or unwillingness to follow this precept.

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"To guard against inflation would you advise purchase of General Motors, U. S. Steel, A. T. & T., and T. & W. Airlines? What is your opinion of Standard Brands and J. C. Penney Co.?"

"I have 100 sh. Borg-Warner, bought some years ago for \$4800. Would you advise sale and repurchase later at probable lower levels? I am holding 100 sh. Fisk Rubber common purchased at 6. What is company's financial setup? Is reorganization planned? Are dividends still being paid on pref. stock? What is immediate outlook? Long run outlook? What is situation in rubber industry affecting tires? Do you advise me to sell and take my loss?"

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Address.....

Felix Frankfurter

(Continued from page 29)

From this list it will be seen that the Frankfurter proteges, even the most prominent, occupy mostly subordinate positions. Yet because their work has been of a legal nature, either drafting legislation or interpreting it for their respective administrative chiefs, these men have on the whole exerted far more influence in formulating the course of the New Deal than would appear from the nature of the positions they have held. In many instances the nominal positions were merely for the purpose of providing salaries. Corcoran, officially an R.F.C. attorney, has spent most of his time working on legislative matters. There is much shifting and lending of these men among the various government administrators.

Yet it should not be inferred that because they are former Frankfurter students, or are responsible to him for the positions they hold, they are literally taking orders. In most cases there is a sympathetic bond, a general similarity of ideas. But most of these men have their own careers to carve out. They are answerable to various officials over them. The picture of their former professor sitting at Harvard and dispatching orders to them like a general directing his troops is only a childish caricature of the reality.

Widening Influence

However, in another sense, the power of Frankfurter is remarkable. Few professors have retained the loyalty of so many of their best students or have been able to place them in positions of such public responsibility. It has been said that Frankfurter believes that for the time being his greatest contribution to the law can be through producing an annual crop of prospective lawyers, carrying out into the profession in varying degrees his own philosophy. Brandeis and Holmes impressed their philosophy upon a generation of lawyers through their opinions from the supreme bench. Frankfurter, on the other hand, is exerting his influence upon the men just before they cross the threshold into the profession.

Frankfurter declined to interrupt this work to accept an appointment to the Massachusetts state supreme court. He declined to become Solicitor General of the United States. But it is the general belief in Washington that if the opportunity arises, President Roosevelt will offer him a place on the Supreme Court of the United States, and that Frankfurter will take it.



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THRILL Quebec's celebrated triple-track toboggan chute down historic Citadel Hill to the doors of Chateau Frontenac.

WHEN SNOW FLIES

BY BUCKLIN MOON

To the north His Majesty's Dominion offers travel-minded visitors all known winter sports and hunting; and even winter golf on beautiful Vancouver Island.

WHY not go north this winter? On first thought that may sound a little silly, for probably by now you're tired of snow and ice. But at the same time, if you don't mind the cold and want to get away for a little vacation, try Canada.

There's plenty for you there. It has always been a wonder that even more people don't go there for Maple Leaf winter sports, which have become so popular. We hear much of the Swiss Alps as an ideal place for such activities. They have the same thing in Canada. The only difference is that in the Alps it's like going to ski in your back-yard, when you have a whole surrounding countryside—full of hills and dales—just across the street.

And in that respect Canada is ready to take care of you. From the moment of the first snow most of Canada is very, very ski-conscious. In some parts they even have a religious ceremony, known as Blessing the Skis, where a priest meets the skiers of the town and blesses their foot-boards. In short, from youngest to oldest, everyone finds a real thrill in navigating down treacherous hills, running across country, or engaging in that most exciting sport of all, ski-jumping.

But skiing is not the only winter sport in Canada by any manner or means. Anyone who has seen Canadian professional hockey teams play can attest to their skill on skates. You'll find skating of every variety. Which one you wish to indulge in depends on your desires and general ability. If you want to skate very leisurely, you'll see others progressing at the same rate. Or if it's racing you want, there'll be plenty of skaters of varying degrees of perfection who will be glad to have a friendly little dash. Again if you want, like the daring young man on the flying trapeze, to fly through the air with the greatest of ease, you're welcome to it. Fancy skating in Canada has long been popular.

Or if you're one of those people who like to get down a hill in the shortest time possible, you will find tobogganing and bob-sledding tops.

And last but not least there is raquetting, which in spite of sounding like a four-dollar word is just plain snow-shoeing. For those who have seen movies of dogteams in action, or read books in which such activities were portrayed and who long to see them in the flesh, there are several dogsled derbies.

But no doubt you're one of those people who doesn't know exactly where to go, or *when*, or *how*. Let's take a tentative trip in fancy, and try

to cover some of the very high spots.

Canada is roughly divided into three sections, at least in racial make-up. The eastern part, in spite of being under the English flag, is mainly French. The middle section is Continental. While further west we find a racial sprinkling of Anglo-Saxons—Scottish and English men. It was at the end of the Seven Years War, when Wolfe beat Montcalm at Quebec, that Canada became officially English. Let's start at the east and work west, and see what each section has to offer.

Where Fun Begins

Montreal is a very good spot to start from, for it's just an overnight train-ride from New York. Activities there start early in December, weather permitting. Weekend ski trains run over the Canadian Pacific every weekend. After a good morning's breakfast you grab your paraphernalia and hop on a train and ride sixty miles up into the Laurentian Mountains to a little town called Ste. Agathe. And now the fun starts. You leave the train there, jump on your skis and have twenty or thirty miles down hill to go to reach Shawbridge, where the train will be awaiting you, puffing and panting impatiently. Or if you are more adventurous, you can strike off across country and stop overnight with a Canadian family. You'll find numerous homes scattered across the countryside, where there will be a friendly welcome for you, for they are as enthusiastic about the outdoors as you are.

But maybe Quebec calls you with its quaint French atmosphere, its crooked, narrow little streets, and its many historical spots. There's open

country there too, a panorama that is built to order for the winter-sport minded. Why not stop at Chateau Frontenac? You'll have excellent ice-skating right in your own yard, not to mention a triple-chute toboggan slide which starts you gently from the upper end of Dufferin Terrace near the ancient Citadel and lands you breathless a long way below at the foot of the statue of Montcalm. Or if you tire of that, you can go to Lac Beauport to skate, or take your skis and explore the surrounding country until nightfall.

The real climax of the winter season at Quebec is reached during February 20, 21, and 22, with the three-day International Dogsled Derby of 120 miles, which is run in daily laps of forty miles each. There'll be experts there from all over North America to thrill you. And later, you can go down to the river and watch the ice-canoe races, from Quebec to Levis across the river and back. There'll be local color there, the din and shrill of whistles, mingled with the cheers and songs of the French Canadians. It's well worth your while to watch seven brawny paddlers to a canoe propel iron-bottomed boats through the maze of floating ice.

Not far east of Montreal is the famous Log Chateau of the Seignior Club and its surrounding territory. There are slides that will explode your toboggan halfway across the Ottawa River before you have time to catch your breath. And its ski jump, which sees much service during the annual carnival, is something you won't easily forget.

But let's swing a little farther west. If you have time why not stop off at Ottawa, for you can easily be routed that way, and see the Canadian fed-



"Abakweta" are young African natives about to be inducted into the state of manhood. With a strange headdress, grass girdles and bodies covered with white clay, they dance the picturesque "Ukutshila".

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LUNCH

Winter sports hold undisputed reign in the Canadian Rockies. These skiers are resting in Skoki Valley, near Banff, Alberta.



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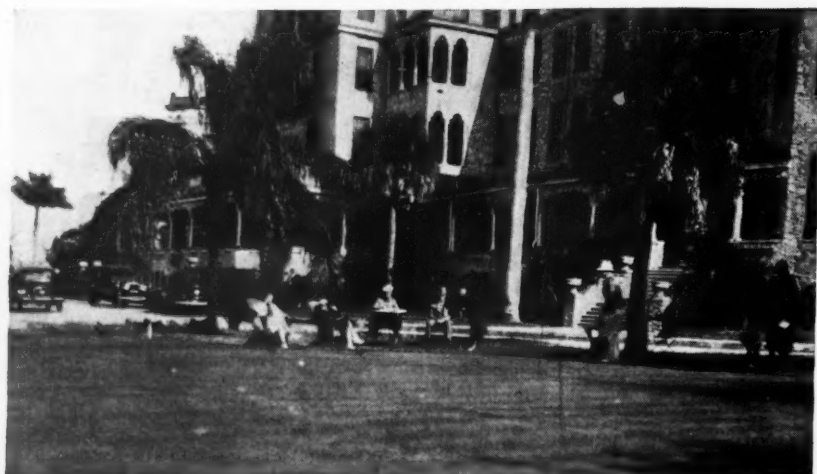
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eral capital? Very much like Washington it is, not perhaps in appearance, but at least in nature.

In Toronto, during February, you'll find a carnival much like the one we hold here in the U. S. at Lake Placid. You'll see everything that you expect or hope to see, and probably a lot more, for there is where you'll find the cream of the crop of Canadian and American winter contestants.

But it is in the Canadian Rockies that winter sports are really king. As you see the mountains, majestic and serene and cold, you'll feel a thrill. Banff, and its near neighbor Lake Louise, have become so famous that whenever one thinks of this region, the mind can hold nothing else. And two lovely spots they are, where spacious modern hotels have been built into some of the most beautiful surroundings to be found anywhere on the American continent. And here, too, is to be found the organization known as the Ski Runners of the Canadian Rockies, an amateur group formed to make the world ski-conscious, and to further the sport's growth. During the past years parties from many points in the United States, and even from the European Continent, have tested skiing at their camps, Norquay at Banff, and the Skoki Camp at Lake Louise. Their enthusiasm bears out the contention that skiing in this region has everything to offer that the Swiss Alps have. For there are areas that might take months to fully cover, and every possible type of slope is to be found, slopes that will please novices as well as the old timers.

Jumping Off Place

Our last stop will probably be in the Selkirk Range where we find Revelstoke, B. C., the principal spot. The Selkirk Range, in case you don't remember your geography, is the next mountain range west after the Canadian Rockies. Here it has often been said that children learn to ski before they walk, and this contention seems to be well exemplified by Nels Nelson. Mr. Nelson, a former brakeman on the Canadian Pacific, has been credited with an unofficial world-record jump of 240 feet. Those interested in the sport still marvel at this, although others in the region have come near the mark. During the winter they have a tournament which features jumping on Revelstoke Hill, believed to be the hardest run on this continent, with a length of 1,780 feet.

And so you can see that winter sports in Canada are a great drawing card. For there is a thrill even for the beginner, and in spite of the fact that skiing has always seemed a diffi-

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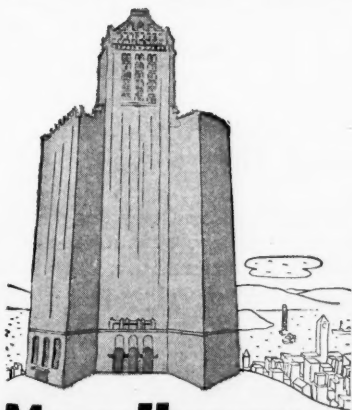
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cult sport to master, it really isn't unless one wants to be an expert.

Maybe after you've indulged in all this glamorous sport, you're feeling a little worn out, maybe your bones are beginning to ache. Why not stop off in Williamsburg on your way home and see Dr. Locke? There has been so much talk of the man, some claiming him a miracle worker, others a down-and-out quack, that it might be interesting to find out what you yourself think about him. Surely he does have a great deal of color. You can have your arches cracked, or whatever it is he does to your feet, with those strong hands of his in one deft movement. The cost won't be much, rich or poor, for everyone receives the same treatment. You'll give him the bill and he'll cram it in his already stuffed pockets, and leave you with a feeling of incredulous wonder that it is over so soon.

A Different Thrill

The place has an atmosphere that may not get under your skin, or again it may. There will be people there in wheel-chairs, and on crutches or canes. A lot of them will be telling you what they were like when they arrived, and what the doctor has done for them. You may believe them and you may not, but at least you will have an experience that won't come your way every day.

And now let's get a little warm weather for a change. We will keep on going west until we get to Vancouver Island, that little gem in the Pacific just north of our own state of Washington. You'll find wonderful hotels at Victoria, and the climate is really a treat after the swing westward. The weather is mild and you can enjoy year-round golf comfortably. You may go swimming, but you'll find it cold.

Out for Bear!

You're really a bit too late for the deer, elk, and moose season. But if you've always wanted to shoot a bear, you have a grand opportunity in Canada, for in practically every part of the country there is no closed season on them. The different species are pretty well scattered over the country. You can get in a little shooting at smaller game to quicken your eye, and all in all you'll have a fine time. Camping alone is enough to make the most tired and bored of us come back to the States with renewed vigor in our steps and a healthy glint in our eyes.

Why not go to Canada? It seems a sure-fire way to spend that short winter vacation!

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Constitution vs. New Deal

(Continued from page 43)

of that police power. They may not take property without due process of law, nor may they impair the obligation of a contract or abridge the right of contract.

When the State of New York, some twenty-five or thirty years ago, placed a maximum on the number of hours per day which a man might work in the baking industry, the law was held unconstitutional. This particular decision has been somewhat ameliorated, but no minimum wage legislation has yet been sustained and no regulation of hours of labor may be indulged in except for the limited purpose of preserving public health and safety.

Thus a law limiting the hours a woman may work to eight a day, or providing that every worker must have one day's rest in seven, would now be held valid. But a law which sought to impose a short working week for the purpose of distributing jobs over a wider number of workers would clearly be beyond the power of any state legislature.

Even within the limited powers they possess, the states cannot always legislate effectively on these matters. Many of our states are highly developed industrially. Many more are not so highly developed as their chambers of commerce would like them to be. This latter class of states is apt to keep a lower or looser standard of social and industrial regulation, in order to induce large industrial plants to move from their present location into these states. Thus competition between the states tends to keep standards low and to prevent pioneering by a socially-minded legislature.

It is misleading, therefore, to speak of a conflict between the national power to control and regulate and

the state's power to do so, for, as we have seen, the state's power is for practical purposes non-existent. Thoughtful people have come more and more to realize that there has been created a great No Man's Land where neither Congress nor state legislature has any effective power to legislate.

The issue is not between regulation by the federal government and regulation by the states. It is rather between regulation by the federal government and no regulation at all. And those who cry out against federal regulation are those who would be completely free of every legislative restraint.

If there is to be regulation at all, it must come from Washington. Yet, as we have seen, few of the regulatory bills passed during the present Administration can survive the supreme constitutional test.

Those who believe that some regulation of business, and of the relation of employer to employee, is desirable have but one course open to them—a new amendment to the federal Constitution. How far the amendment should go is not within the scope of this article. But this writer believes that some such amendment must come, and that it will be one of the great contributions of this generation to the history of our country.

How soon we may expect such an amendment is not an easy matter to predict. In all probability there will be a long, hard struggle ahead, and certainly the result of the recent effort to revive and push through the moribund child labor amendment is not encouraging.

On the other hand, what anti-prohibitionist, however rabid, would have predicted in 1931 that repeal could be accomplished in only two short years?

That Burrowing Bean

(Continued from page 36)

higher temperatures than olive oil, but the poor fish are later packed in the olive oil demanded by the trade. Peanut oil is occasionally substituted for olive oil in various textile plant processes.

The solid cake which remains after pressing is usually ground into flour and used in stock feeds. Peanut meal is a quick fattener. Peanut shells are often used for fuel in pressing plants. Some experimentation has been done with them in the manufacture of paper board, wall board, linoleum, and dynamite.

Perhaps more than any other firm

has the Planters Company advanced the cause of the peanut on his own merits. It has made use, in its advertising, of the fact that peanuts have quick energy-giving properties, and has merchandised its "nickel lunch" and other products on this basis.

Such are a few of the problems in the peanut industry. Solutions are offered here and there, but the big question is the AAA. Down among the peanut dealers of Greenwich Street, in New York City, you hear nothing but groans when you mention AAA. But go south, to Suffolk, Virginia, and the farmers will tell you that AAA is great.

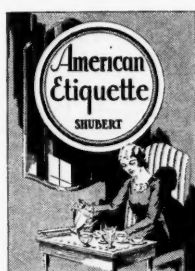
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BY HERSCHEL BRICKELL

The turmoil in world affairs continues to inspire thoughtful books on the twilight of capitalism, trends of science, neutrality as a policy, and life in the Soviet Union. Here is an extensive survey.

BOOK PUBLISHING in the new year is noteworthy for a continuation of certain broad trends noted in the January number of this department.

One of the outstanding volumes of recent weeks, for example, is Lawrence Dennis's *The Coming American Fascism* (Harpers, \$2.50), an obviously sincere and by no means unintelligent contribution from the extreme right, which shares with such books as Lewis Corey's *The Crisis of the Middle Class*, Alfred Bingham's *Insurgent America* and Herbert Agar's *The Land of the Free*, the basic belief that capitalism is done for, and that nothing remains except to find the most satisfactory possible substitute.

Mr. Dennis's stand in the matter was forecast earlier in his *Is Capitalism Doomed?*, a question he answered, of course, in the affirmative.

It is hardly necessary to say that his courage in espousing so unpopular a system as fascism, and in ignoring the tremendous emotional content of the very word itself, does not lead him into a defence of Mussolini and Hitler or of their regimes. What he favors is the establishment of a form of state capitalism under the direction of the elite, and this he maintains is the only possible alternative to communism on the one hand and capitalism and chaos on the other.

His debt in both phraseology and thought of Pareto is quite obvious, but in spite of one's respect for his evident desire to work out a reasonable solution for our problems, the plan he offers is at bottom no more than a benevolent dictatorship.

It is especially interesting to note that he not only shares with the Marxists the belief that capitalism is doomed, following pretty much the same line of economic reasoning, but that like many of the well-disposed representatives of the extreme left,

he believes that a peaceful change can be brought about in our political system.

I am wholly unable to share this, to me, naive faith, because I am confident that even if people could be convinced by reason that they must abandon what they have for something else fundamentally different, there would remain a sufficient

residue of emotion to make trouble in case argument should be abandoned in favor of force.

Perhaps, however, science may save us from the pain of experimenting with swings to the extreme left or the equally extreme right, and the prospects are interestingly discussed in C. C. Furnas's *The Next Hundred Years: The Unfinished Business of Science* (Reynal and Hitchcock, \$3), in which a youthful chemical engineer makes a survey of what science is doing at the moment and of its potentialities, and finally applies his findings to a suggested reorganization of society.

His conclusion is that a reasonably high standard of living ought to be possible to every human being living in the country, and that we'll have it as soon as we learn to master the machine and to make it work for the greatest good of the greatest number.

Unhappily for those who are always looking for a definite solution of humanity's problems, Mr. Furnas does not discuss the exact political implementation of the changes that will be necessary before we shall cease to have poverty in the midst of plenty. He does, however, write with vigor and humor, and there is a degree of optimism in his book that is not to be found in volumes written entirely from the economic angle.

Unlike some men of technical training, Mr. Furnas has little sympathy with the communistic scheme, and while he sees very clearly the faults in the workings of capitalism, he does not think that a revolution would make everything all right for those fortunate enough to survive it.

An argument from the socialist angle against the so-called tyranny of the courts in this country, from the Supreme Court down, suggests another angle of approach to the rearrangement of affairs for the general

Have You Read?

Outposts of Science by Bernard Jaffe (Simon and Schuster, \$2.75). An excellent survey, made at first hand, of the work in progress in American laboratories, much of it thrilling reading.

My Country and My People by Lin Yutang (John Day-Reynal and Hitchcock, \$3). China as seen by an educated Chinese of peasant stock; charming, gracious and informative.

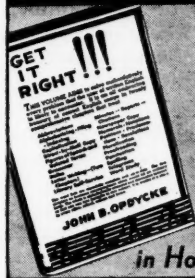
John Jay: Defender of Liberty by Frank Monaghan (Bobbs-Merrill, \$4). A definitive life of a great 18th Century figure whose influence in our history is generally underestimated.

Look Homeward, Angel by Thomas Wolfe (Modern Library Giants, \$1). An inexpensive edition of the beginning of Mr. Wolfe's tremendous, highly autobiographical narrative.

The Tale of Genji by Lady Murasaki (Houghton Mifflin, \$5, two volumes). Handy and also inexpensive new edition of one of the great novels of all time.

The Asiatics by Frederic Prokosch (Harpers, \$2.50). Brilliant first novel by a very young American with an original talent that ought to take him far.

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betterment of humanity, and is to be found in *Lawless Judges* by Louis P. Goldberg and Eleanore P. Levenson (The Rand School Press, \$2.50).

The theme of the book is that judges are human and hence, under a capitalist system, consistently unfair to labor. There are innumerable citations of unfair and prejudiced and frequently ridiculous decisions from all parts of the country, and as a piece of valid criticism, thoroughly documented, of our courts in action, the book is extremely valuable. It is, however, quite plainly biased in its point of view.

Their principal remedies are for a more directly popular control of judges and their decisions and a distinct curbing of the powers of the Supreme Court. I think, however, that public opinion will have to be won over to their point of view before any changes in the laws will bring about notable improvement.

What Price Neutrality?

The burning question of our neutrality is the subject of a small book by Charles Seymour of Yale University, called *American Neutrality: 1914-1917*, and in it Professor Seymour attempts to answer the arguments of people like Walter Millis, who believe that we were more or less led into the World War by various forces that took advantage of our drifting policies.

Professor Seymour simplifies the situation by declaring that it was the German submarine, and not the bankers or allied propagandists, which landed us in the European adventure. He goes on to argue that neutrality is virtually impossible and that the only way to peace is international coöperation.

The question is far too complicated to be treated satisfactorily in so short a book as his, and I do not think his arguments are by any means convincing. At least, it seems to me that international coöperation is even more difficult of realization at the moment even than neutrality. In 1914-1917 a large part of this country was never sincerely neutral, and we have the advantage at present of more unified desire for peace the country over, which might make a difference.

Readers who still believe in democracy, and who resist any attempt on the part of anyone to persuade them to believe in dictatorships, no matter what they are called, will find particular interest and considerable gratification in Pierre Crabites' *Benes: Statesman of Central Europe* (Coward-McCann, \$3), which is by no means all that a biography should be, but which nevertheless does tell the story of a great leader who is the

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exact antithesis of such people as Mussolini, Hitler, et al.

Benes, after serving eighteen years as foreign minister for the Czechoslovakia of which he and Masaryk were the joint parents, has now become the president of his country, and at 51 holds, according to his biographer, Europe's key-position.

Of peasant origin, Benes has kept his early simplicity, and most interesting of all in this day of colored shirts and ballyhoo, makes no concessions to popularity, no attempts to appeal to the masses. Mr. Crabites looks upon him as a consecrated being, which he seems to be, but an outside observer of the situation is bound to feel especial respect for the citizenship of the country which has shown its appreciation of both Masaryk and Benes.

The Crabites' biography is written in adoration and is the work of a man who does not know Benes at first hand at all, hence it has its glaring deficiencies, but it is good reading and hopeful as well, especially if the future of Europe really does lie in the hands of the Czechoslovak president, as it well may. Better there certainly than in many other places.

This mention of the peace of Europe leads quite naturally into a discussion of a new biography of the man who made a titanic fortune out of wars in Europe, Sir Basil Zaharoff. Some journalistic lives of the Greek arms salesman have already been published, but Robert Neumann's *Zaharoff, the Armaments King* (Knopf, \$2.75) is a serious attempt to unravel the mystery of the man's origins and also to explain the part he has played in history since he first entered the game of selling munitions.

Zaharoff, so Herr Neumann found out, was most probably born in the lowest Greek district of Constantinople, and one of his early occupations was that of guide to the redlight district, where he no doubt learned many of the tricks that afterward made him the congenial companion of Europe's leading politicians.

The greatest internationalist of our times would be a fitting designation for Sir Basil, and a phrase filled with irony as bitter as gall for those who realize its implications. Herr Neumann's book is a fine piece of research, not very easy reading, but worth whatever effort it requires.

Other recent books bearing upon timely subjects include Tatiana Tchernavin's *We Soviet Women* (Dutton, \$2.50), a collection of fifteen sketches of women affected in one way or another by the change of regime in Russia. Mme. Tchernavin writes from the point of view of a Russian intellectual who does not believe in com-

munism, but the point of view merely gives a warm emotional content to these curious bits of life. They are the first-hand observations of an intelligent woman with a gift for expression, and while they may not constitute an indictment of the whole Soviet system, they at least show some of the human results of a great revolution.

Some of them, in particular one about Mme. Trotzky, have their distinctly humorous aspects. In fact, other communist women are shown as taking on all the so-called bourgeois faults as soon as the opportunity presents itself. Other sketches, such as the tale of the priest's daughter, Vera, are inexpressibly sad. All, as a footnote to history, have their their poignant interest.

Just Off the Press

I should also like to mention a miscellaneous group of books of merit that have appeared recently. It includes Father Francis Talbot's *Saint Among Savages* (Harpers, \$3.50), a long and detailed biography of the American martyr, Father Jogues; Howard I. Chappelle's *The History of American Sailing Ships* (Norton, \$7.50), a remarkably handsome volume with many drawings and iconoclastic text which lovers of the sea ought not to miss; Ray W. Sherman's *If You Are Going to Drive Fast* (Crowell, \$1), a sensible small book on how to handle an automobile; and *It Must Be Your Tonsils*, by Kenneth Roberts (Doubleday, Doran, \$1), a good piece of twitting of the doctors about tonsils and arthritis. I hope, too, that Mr. Roberts' *For Authors Only*, published last year, has not been overlooked, for it was one of the most delightful of the entire twelve-months' crop of books.

When one turns to fiction, it becomes immediately obvious that this country and its problems are still engaging the attention of our novelists as in 1935. The most ambitious recent attempt in this field is T. S. Stribling's *The Sound Wagon* (Doubleday, Doran, \$2.50), a sweeping satire on the present-day foibles and follies of the United States, which does not come off, however. The truth is that Mr. Stribling's ambition exceeds his capabilities, and the overpowering task of bringing even the cruder aspects of American life into artistic focus is too much for him. The result is a burlesque based on the career of a lawyer who is a failure in his profession and who is sent to Congress more or less by accident, which while not at all dull or uninteresting, still leaves no particular impression except one of exaggeration and unreality.

Another current novel of social implications is Josephine Lawrence's *If I Have Four Apples* (Stokes, \$2.50), which was distributed along with C. C. Furnas's *The Next Hundred Years* to subscribers of the Book-of-the-Month Club, as Mr. Stribling's book went to the Literary Guild's followers.

Miss Lawrence, who wrote a best-seller of last year entitled *Years Are So Long*, in which she dealt with the problem of aged and dependent parents, now tackles the situation of a family of completely muddle-headed middle-class people, the Hoes. Father is trying to hold on to a house he never should have bought in the first place, Mother buys all the gadgets offered on the instalment plan, and the children are hopelessly impractical.

Miss Lawrence follows their misfortunes through the depression. There are no particular tragedies, nothing more serious, that is, than reduced incomes, and at the end we know that everything will go on about as it has. There is a mood of rather desperate exasperation at the innate dumbness of people in this novel which contrasts strongly with so much of the fiction of the present that is notable for its omission of the suggestion that people themselves are sometimes responsible for their bad luck.

The characters are exceptionally well drawn and lifelike, and while there is a journalistic air about the author's work that keeps it from being quite literature, it has its own honesty and goodness.

Another novel that is a fictional comment upon what is going on in this country is Clara Weatherwax's *Marching, Marching!* (John Day, \$2.50), which was awarded the John Day-New Masses prize of \$750 for a work of fiction on a proletarian theme. It is the story of a Pacific Coast strike, revolutionary in its tone, with all the workers in white and all the employers in black.

Miss Weatherwax uses the stream-of-consciousness manner, and occasionally even goes Joycean. I do not think it likely that many working men will read her book with pleasure, and it is hardly of sufficient artistic merit to sway the impulses of the bourgeois intelligentsia who may look it over. She has talent obviously, but her first book is no more than promising at best.

As a sidelight upon it, I was interested in the fact that the author is of old American stock and an out-and-out communist, the third woman novelist in this country of whom that might be written. The other two are Fielding Burke and Grace Lumpkin, both southern.

Of the remaining fiction, the best-done novel seems to me to be James Gould Cozzens' *Men and Brethren*

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(Harcourt, Brace, \$2.50), which is about an individual in the old-fashioned manner rather than about a social group or social problems. It is the story of a summer week-end in the life of a worldly-minded but kind-hearted Episcopal clergyman, Ernest Cudlipp, who, lacking any profound religious faith, has to do the best he can to help out a large variety of people with no better weapon than reason and his own goodness.

This is by no means so important a novel as Mr. Cozzens' *The Last Adam*, but it is a skilfully done piece of work by a man who has a keen mind and great natural gifts. Thus it may not be read with any vast amount of profit, but it is dramatic and entertaining, and filled with most excellent dialogue.

Among the other American novels is Phil Stong's *Career* (Harcourt, Brace, \$2), a short book with the scene laid in Iowa, and while pleasant reading, too conventional in its plot and treatment to be considered any more than a fairly attractive trifle. Mr. Stong's *State Fair* made him look like a coming novelist of importance, but of late a certain facility of talent seems to be pushing his more serious merits farther and farther into the background.

The foreign crop is led by Johan Fabricius' *The Son of Marietta* (Little, Brown, \$3), a 430,000-word trilogy from Holland with 18th century Italy as its background and a picaresque, Benedetto, the son of a bishop and a daughter of strolling players, as its hero. The novel was very popular in the country of its origin, and it has solid merit, notably in the extraordinary vividness with which life in Todi and Venice are re-created, but it seemed to me over-detailed, and neither Marietta nor her son Benedetto quite interesting enough as people to warrant so much fuss being made over them. The book has been compared to *Anthony Adverse*, which it surpasses easily in literary merit.

Other outstanding foreign novels include Lion Feuchtwanger's *The Jew of Rome* (Viking, \$2.50), the second part of the *Josephus* trilogy, and not nearly so good as the first part, although it has a certain added interest in its discussion of the eternal problems of the Jews; Carl Fallas' *The Wooden Pillow* (Viking, \$2.50), a charming story about a young Englishman's love affair in Japan; Adrian Bell's *The Balcony* (Simon and Schuster, \$2.50), an attempt to recapture an English childhood, exceptionally well done; and *Stoker Bush*, by James Hanley (Macmillan, \$2.50), another story of the Liverpool working classes by the author of *The Furys*.

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As I look back over this first instalment of the fiction of 1936, I cannot say that it impresses me at all by its unusual merit. In fact, the start of the year has been disappointing.

Those who seek entertainment alone in books will find it, however, the Number One choice in this respect being P. G. Wodehouse's *The Luck of the Bodkins* (Little, Brown, \$2), which introduces the perfect steward in Albert Peasemarch, and which takes a group of Wodehouse people for a sea voyage.

My friend who reads mystery stories and judges them harshly reports to me that the best of the current lot is Leslie Charteris' *Saint Overboard* (Crime Club, \$2), which goes on with the adventures of Simon Templar the Saint, and which offers, he says, everything anybody could want in the way of excitement, adventure and mystery. He also recommends as particularly choice Valentine Williams' *Dead Man's Manor* (Houghton Mifflin, \$2), and *The Fifth Tumbler*, by Clyde B. Clason (Crime Club, \$2), a good one by a newcomer. *Keep It Quiet*, by Richard Hull (Putnam, \$2), which has been highly praised here and there, he tells me, is nowhere near so good as Mr. Hull's *The Murder of My Aunt*, which I liked myself, although I have no fondness for mystery stories.

I ought to add, too, that the expert in the case thinks well of *The President's Mystery Story*, by Rupert Hughes, Samuel Hopkins Adams, Anthony Abbott, Rita Weiman, S. S. Van Dine and John Erskine (Farrar and Rinehart, \$2). President Roosevelt, so the story goes, had wondered a long time if a man could disappear with \$5,000,000 in negotiable form, and all the writers listed above tried to help him find out.

Bookish Prospects

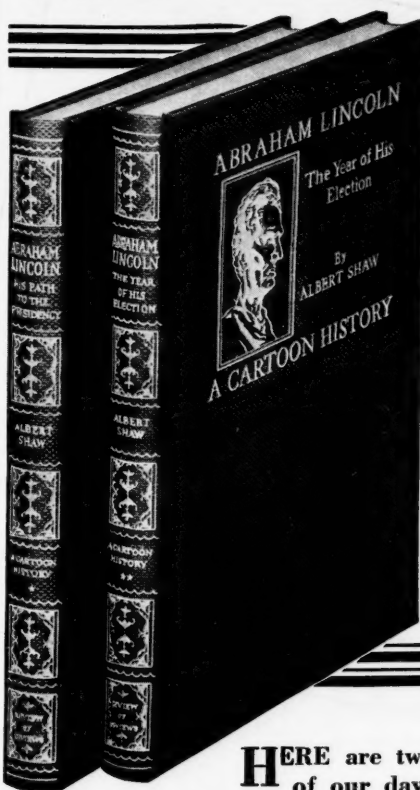
So much for the particular state of the literary landscape. In general I hear from publishers and booksellers that the prospects for books have not been so good since the depression began, and that the first thing we know there will again be shelf stock in bookstores, or, in other words, that we shall be able to find what we are looking for without waiting.

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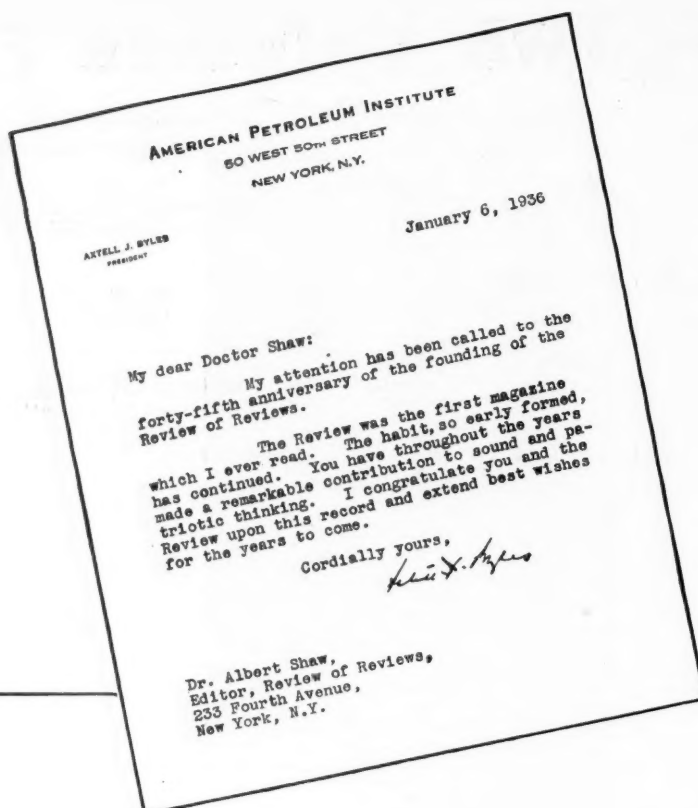
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